

Co-opAdvantage

Developing Directors of Co-operatives

Program Guide

A learning circle product developed by
Active Learning & Communication Co-operative Limited for the
Co-operative Federation of Victoria Ltd

Acknowledgements

This learning circle was developed by Active Learning and Communication Limited Co-operative (ALC), a not-for-profit co-operative involved in active community-based learning utilizing the wealth of prior learning and experience that exists in our communities.

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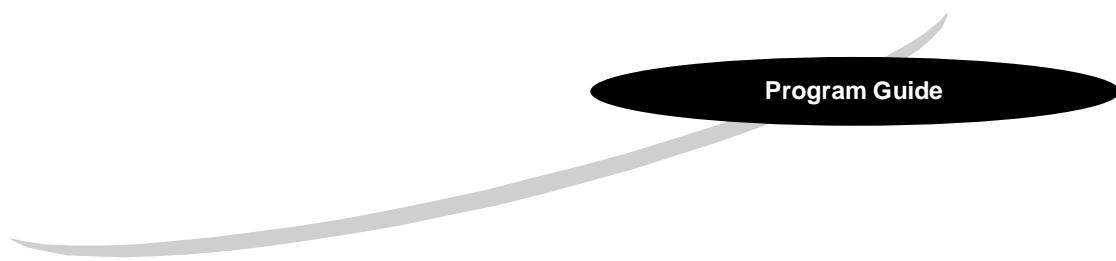
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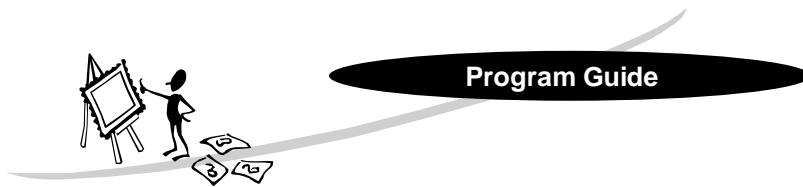
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Co-opAdvantage Developing Directors of Co-operatives encapsulates the essence of co-operative education – an understanding of and commitment to the Co-opAdvantage and how this must underpin education for co-operatives and co-operators. The Co-operative Federation of Victoria Ltd is committed to the importance of Co-opAdvantage workshops. This Co-opAdvantage publication provides the discussion material and resources for these workshops to help current and potential directors of co-operatives to:

- explore the director's role and responsibilities,
- identify essential and desirable knowledge, skills, attitudes and behaviours, and
- identify pathways for developing essential and desirable knowledge, skills, attitudes and behaviours.

How was this program developed and why?

This material is a modular program for use by directors, potential directors and members of Victorian co-operatives.

- Existing directors – to strengthen their knowledge and skills.
- New directors – to develop their knowledge and skills.
- Members – to prepare them as director candidates.
- Members – to understand how to keep directors accountable.

Co-operatives are distinctive organisations and their social goals provide a competitive advantage. The key to achieving this competitive advantage is acceptance and articulation of the Co-opAdvantage – the values and principles of co-operation. The prerequisite to this is informed and educated members and directors through an ongoing educational process based on the recognition that there is a co-operative difference – the Co-opAdvantage. An informed and active membership depends on understanding and accepting the Co-opAdvantage.

It draws on:

- material in the UK report *Developing Directors of Co-operatives and Other Similar Enterprises* prepared by the Plunkett Foundation and the UK Department of Trade and Industry,
- expertise of the Co-operative Federation of Victoria Ltd,
- materials successfully piloted with a NSW consultants co-operative, and
- the authors' experiences as company directors and directors of non-profit bodies as well as other business and life experience.

The Co-operative Federation of Victoria Ltd will periodically evaluate and refine the Co-opAdvantage program to:

- provide a timely and effective self-education mechanism,
- integrating this program with effective mentoring and support services, and
- use feedback from this program to update this publication and assist the development of further programs.

Related activities

This program complements other activities undertaken by a range of government and non-government organisations working with co-operatives or working to conserve and promote study of Australia's co-operative achievements and heritage.

Some of these organisations are identified in this program's Resource Book.

Using this program

This program uses a self-paced, group-learning approach, which has been used successfully in Sweden for the last 50 years to train directors of non-government organisations.

For Victoria's co-operatives, its appeal lies in its flexibility and its capacity to minimise the time, travel and cost demands on members.

Co-operatives can easily distribute the program's materials to their members for use:

- in conjunction with regular board meetings or committee meetings, or
- by informal groups of interested members.

The materials can be discussed in face-to-face meetings, in phone conferences, or via Internet conferencing or video conferencing. The material will also be held on the web sites or intranets for easy reference.

Whether the discussion takes place face-to-face, in a teleconference or on the web, the main things to remember are to:

- bring an open mind,
- listen to all views,
- value your own experience and that of others,
- ask others for help with points you don't understand,
- decide for yourself what you want to learn and how deeply you want to explore any topic, and
- supplement this material with local material, expert opinions and site visits as appropriate.

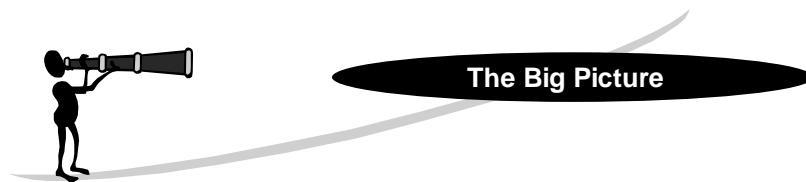
About the sessions & resources

The **Co-opAdvantage Developing Directors** program has 3 separate sessions:

- ① The big picture,
- ② Getting down to essentials, and
- ③ Development paths for directors.

Each session is outlined on this page. Participants decide:

- how much material to use,
- which points to discuss,
- how deeply to explore any discussion point,
- how long the discussion lasts, and
- how many breaks to take and how long the breaks are.

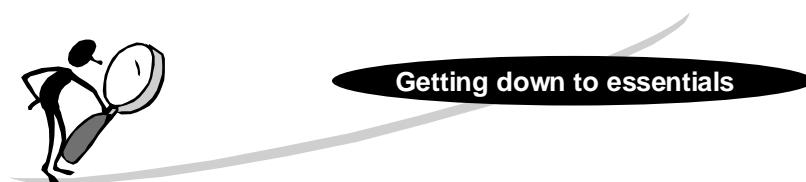


This session:

- explores the special characteristics of co-operatives and the legislative and regulatory frameworks within which they operate, and
- introduces the idea of developing a job description for the co-operative directors and office bearers.

Before or after this session, the program participants might like to:

- ensure each participant has access to the co-operative's rules and legislation or bring these along to the discussion,
- review the co-operative's rules, bylaws and legislation,
- gather the annual reports for some other co-operatives or look at the annual report format required in the Co-operatives Act,
- look at the history of some local or well-known co-operatives,
- look at documentation available for your own co-operative's history, and
- browse or start a collection of press clippings about co-operatives.



This session explores the essential items that a co-operative's Board of directors must have. These include:

- time,
- commitment to co-operative principles,
- common sense and reasonableness,
- a working knowledge of the co-operative legislative and regulatory frameworks,
- a good understanding of the co-operative's members and the markets,
- an ability to work together, and
- other items that program participants identify as essential.

Before or after this session, the program participants might like to

- visit a library or use the Internet for further research, and
- invite a guest speaker (e.g. lawyer, accountant, insurance broker or director from another co-operative, perhaps from a more established co-operative).

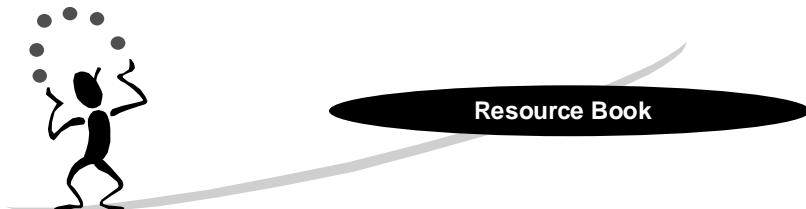


This session explores:

- desirable capabilities and qualities for directors of co-operatives, and
- development paths that best fit the needs of a co-operative's directors and their available resources.

Before or after this session, the program participants might like to consider:

- inviting a speaker on education and training pathways, or
- arranging to browse catalogues of community education programs, TAFE and university course and programs offered by bodies such as the Australian Institute of Company Directors.



The program's Resource Book contains:

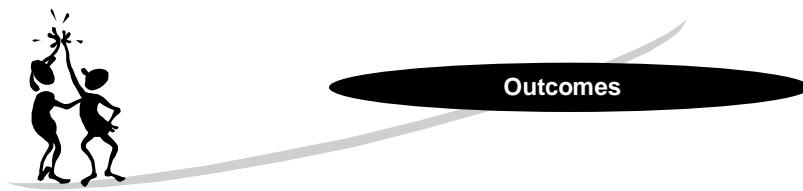
- a rich range of exercises to assist further exploration of the director's role, and appropriate development paths for directors; and
- case studies of several Victorian co-operatives.

All of this material is optional.

When the icon 'Y' appears in the session material, it highlights opportunities for a further workout on a particular topic using exercises from the Resource Book or other resources.

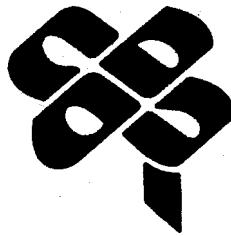
Quotes from case studies in the Resource Book are presented in boxes between super size quote marks like these

Y Case study 99
“ case studies of Victorian co-operatives ”



Potential outcomes from using this program include:

- a clear understanding of the roles and responsibilities of directors
- a clear understanding of the distinct co-operative competencies
- agreed job descriptions for directors, and perhaps for the Chairman and Secretary-Treasurer
- statements of the Board's current competencies (knowledge, skills attitudes and behaviours),
- statements of the Board's desired competencies (knowledge, skills attitudes and behaviours),
- statements of preferred pathways for enhancing existing competencies and moving toward desired competencies,
- agreed performance indicators for the Boards, Chairman and Secretary-Treasurer,
- a resource list to assist learning about Director's role,
- an action plan to assist learning about Director's role,
- greater confidence in performing the director's role,
- facilitate management accountability to boards
- facilitate director and board accountability to members
- better working relationship among participants; and
- smoother running of the co-operative.



Co-opAdvantage

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Learning Circles

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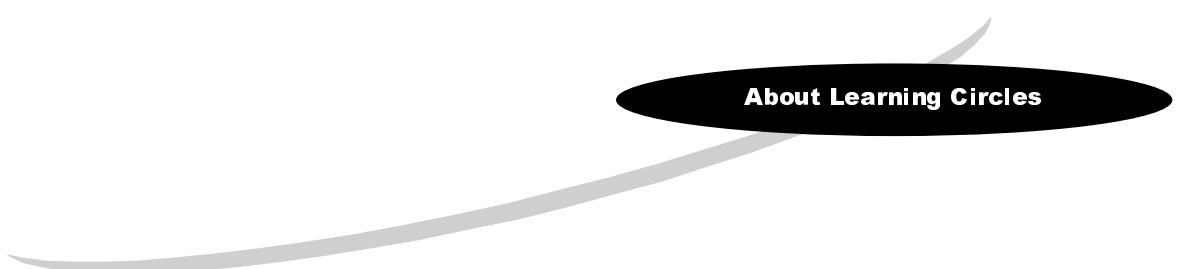
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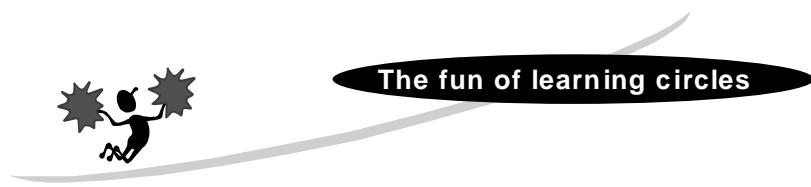
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**About Learning Circles**

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Fifteen reasons for learning new skills

You don't need a reason, just a desire to gain a deeper understanding of issues, or more detailed information about a topic of interest to you.

Learning circles aren't school classes!

There is no set textbook, right answer or one point of view that will be handed to you.

There is no teacher with the correct answer.

On the contrary, learning circles present you with a learning experience that:

- uses a kit of material to tease out the issues;
- builds on the experience of you and the other members;
- provides you with some references to further information; and
- uses a lightly structured path to pursue the topic.

There is no curriculum. The group chooses:

- the amount of the material is pertinent to them;
- the sequence they wish to use for the topics; and
- how deeply they explore various topics



Who is involved?

A group of between five and ten people, one of whom has agreed to act as a facilitator to the circle.



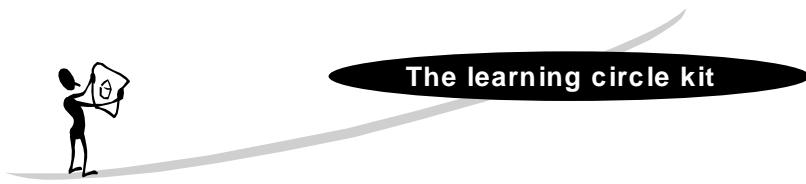
Do I have enough experience?

Yes, yes, yes!



Will I look foolish?

No. Learning circles place an emphasis on getting everyone's opinion in a learning situation, where everybody's life experience is valuable.



The kit provides material for a number of sessions, usually between three and five. However the number of sessions and their length can be varied to suit the circle.

The material in the kit is not the final word on the topic. It provides a starting point and suggests references, so can explore learning on the chosen topic in their own way.

Generally, the material provides:

- an overview giving a broad perspective on the topic;
- a number of sections, which consider individual aspects of the topics;
- activities for participants to enhance the learning process;
- a list of references, as a jumping off place for more exploration rather than an exhaustive list;
- encouragement for further study or community action; and
- an opportunity to supply the Active Learning and Communication Co-operative, Co-operative Federation of Victoria Ltd and with feedback about the kit and your circle's experience with it.

There is no test at the end, nor is there any need to ensure everyone learned the same things (or even wanted to!).

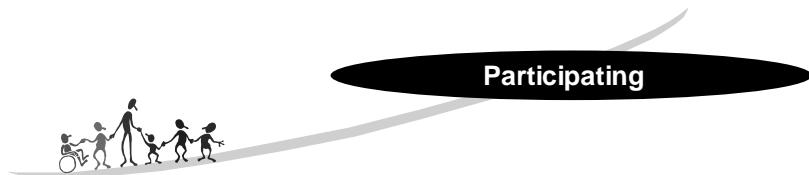


How learning circles are run

Learning circles generally run over two or more sessions, each of about two hours.

They are held in a non-threatening location, say a private home, and may move between locations for various sessions.

The host does not provide quality suppers. See the paragraph on *Agreeing arrangements* later in this section.



Participation in learning circles involves being interested, taking part; and gaining a deeper understanding of the issues surrounding the topic. Learning, understanding and empowering members to act on their beliefs are all expected outcomes of learning circles.



Some suggestions on participation

We recommend:

- recognising the value of your own experience, and offering it in the climate of shared experiences,
- working to keep the discussion going. Be interested enough to keep the ball rolling without calling on the facilitator,
- enjoying the learning circle process,
- addressing the circle members rather than the facilitator, even asking for clarification directly from other members.
- listening to the point of view of those you disagree with. (This may make you a better advocate for your point of view. Or, alternatively, it might change your mind.)
- expecting disagreement and conflict of opinion and remembering that the conflict is with the idea rather than the person. (Talking someone down does not change their opinion of the topic, but it might change their opinion of you.)



Agreeing on arrangements, etc

Some of the background rules that participants need to agree on include:

- start and finish times,
- sharing out session preparation tasks and
- smokos,
- ways to ensure all views are heard.



Participating even more

Other ways members can help the circle include:

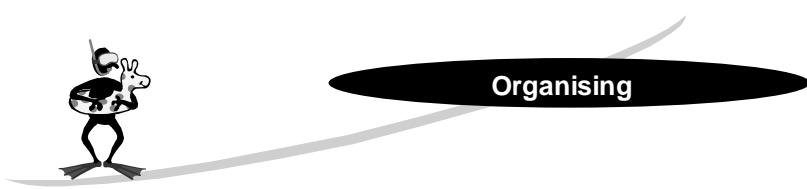
- conducting further research, seeking out speakers to address sessions, arrange visits to sites
- sharing the facilitator's task, and
- Keeping records

If it fits in with the circle's learning objectives, the documentation of the circle's learning curve, future actions community action and outcomes can be an interesting task and source of future pride and interest for the group.



What if I fail this course?

Passing and failing are not part of the learning circle process. By contributing to the discussion, listening to and discussing other points of view and doing some research on various topics, you will be well on the way to setting and achieving your learning goals on this topic.



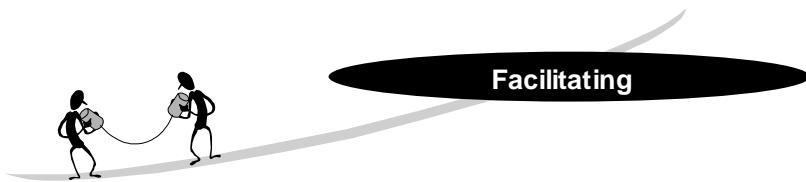
This starts with a person or a group deciding to further their knowledge about a topic of interest. They then get others interested enough to consider participating in a learning circle. Finally the group needs to get the kit. The organiser needs to enroll members, determine costs, find a venue, set a meeting time and get materials and send information out for the first meeting. Often, the facilitator will double as organiser, when a learning circle starts out.

Organiser's check list

If you can tick off each of the item listed in the checklist below as completed, then yours will be a well-organised learning circle.



- ✓ Do you have a list of participants, with phone numbers, email addresses, phone number, etc.
- ✓ Have you contacted everyone and checked that they know who the facilitator is and where to go for the first meeting;
- ✓ Have you checked that everybody has all the material they need to review before the first meeting, including maps of the area under discussion, if this is appropriate;
- ✓ Have you provided materials for name tag purposes;
- ✓ Where appropriate, have you arranged supplies of butchers paper, and a place to display filled out sheet with the circle's work; and'
- ✓ Where appropriate, have you arranged for equipment to play videos and audiotapes, show overheads and access computers or the Internet.



The facilitator can be one of the group or a person with adult education experience from outside the group.

The facilitator makes it easy for the circle to enjoy the learning experience. This enjoyment is reflected in the ways the circle air, and listen to, ideas and individual experiences about a topic.

Facilitating is not teaching. If participants are new to learning circles, then for part of the first session, the facilitator will have to lead the circle into the discussion process and the use of the kit.

Whilst facilitators actively participate in discussions, their primary role is to help the circle reach its own decisions on:

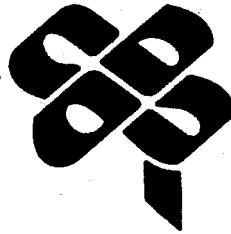
- running the sessions;
- selecting the topics for major focus; and
- setting learning objectives.

Facilitator's checklist – be prepared!

Are you prepared to:

- ✓ set and maintain a friendly atmosphere where circle members are introduced, their interests are acknowledged and all have their own sets of background materials;
- ✓ let circle members know that you are not “*the expert*”, that they are, in essence, the experts as they bring their interest, life experience and willingness to learn to the circle;
- ✓ listen well to what members are saying and guide discussion, rather than planning the point you want to make;
- ✓ draw out the hidden assumptions behind various positions;
- ✓ draw out the quiet people and discourage any dominant talkative member from taking over;
- ✓ allow members think time. It is not necessary for discussion to be constantly in motion;
- ✓ identify when assertions or things that “*everybody knows*” are sticking points, then check their importance to the circle or arrange for a member to research further information for the next session;
- ✓ accept that disagreements on causes and remedies are common, and draw out the points supporting opposing theories for further discussion;
- ✓ accept that people get passionate about issues, which leads to conflict, and try to keep conflict on ideas and issues rather than the personalities;
- ✓ summarise progress from time to time and check with the circle whether they are progressing through the kit in accordance with their learning objective;
- ✓ revise learning objectives, if the circle participants desire that outcome;
- ✓ ensure tea and biscuits breaks are comfortable;
- ✓ start a summarising process that gets everyone's point of view and draws attention to the next session's material, promised research and location as the agreed finish time for the session approaches.,
- ✓ Provide the forms and time for members to complete evaluation reports as necessary for the intermediate and final sessions?





Co-opAdvantage

Developing Directors of Co-operatives

Session **1**

The Big Picture

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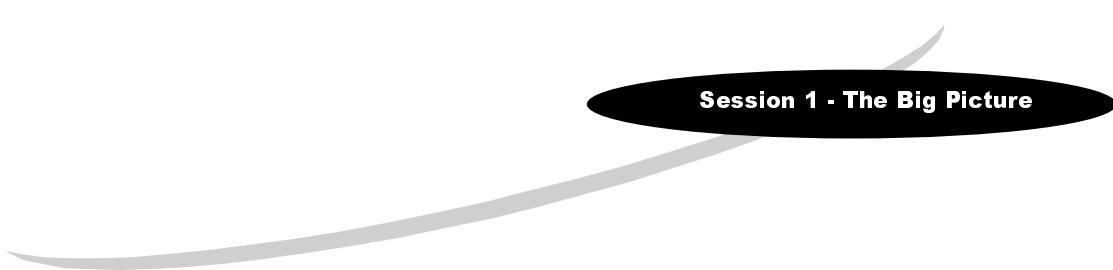
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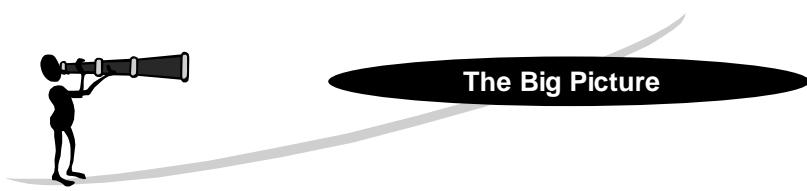
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**Session 1 - The Big Picture**

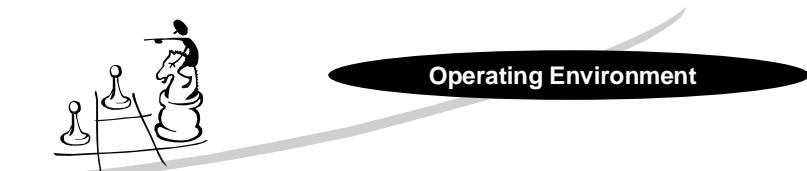
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Before setting out to define and implement a training program for your co-operative's current and potential directors, it helps to step back and take look at the big picture.

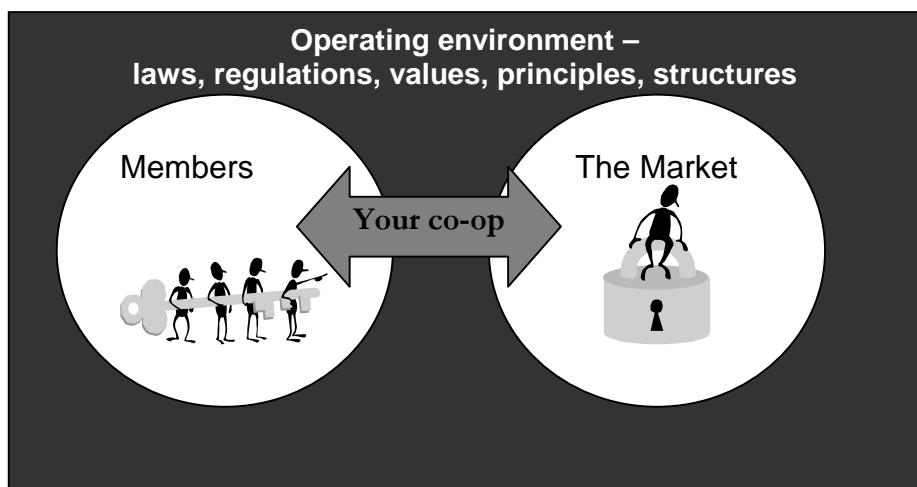
This session sets out to provide a framework for reviewing and defining what co-operative directors, and members, should know, do and be.

Later sessions look at categorising these competencies and qualities as essential or desirable items and defining development paths for directors.

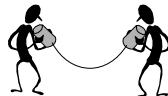


For a co-operative, the operating environment (OE) includes the:

- ◆ legislation, rules under which the co-operative operates, and
- ◆ internationally known and recognised co-operative values, principles and structures.



Members and markets often overlap tightly in the case of classic retail co-operatives. In other cases, such as an artists' co-operative that sells mostly to non-members, a co-operative's clients may be quite different from its members.



Suggestions for discussion

- Does the picture on the previous page fit your co-operative? Why or why not?
- How much overlap is there between your members and markets?

Need to know?

- Does your Board know who would miss your co-operative if it didn't exist and why? Should they know?
- Do all your Board's members share the same "big picture"?
- In what ways, would it matter if they didn't?



Draw your co-operative's "big picture" and check out Resource 1.

Case Studies

Case study 23

CPS exists to serve its members and achieve benefits for them that they could not achieve on their own, irrespective of their nature or size. Even though some members are small, they are still able to buy at the same price as the largest member. "

Case study 23

By early 1997, the owners announced their intention to close the paper. The Mirboo North community held a public meeting and decided to form a co-operative and continue production. "

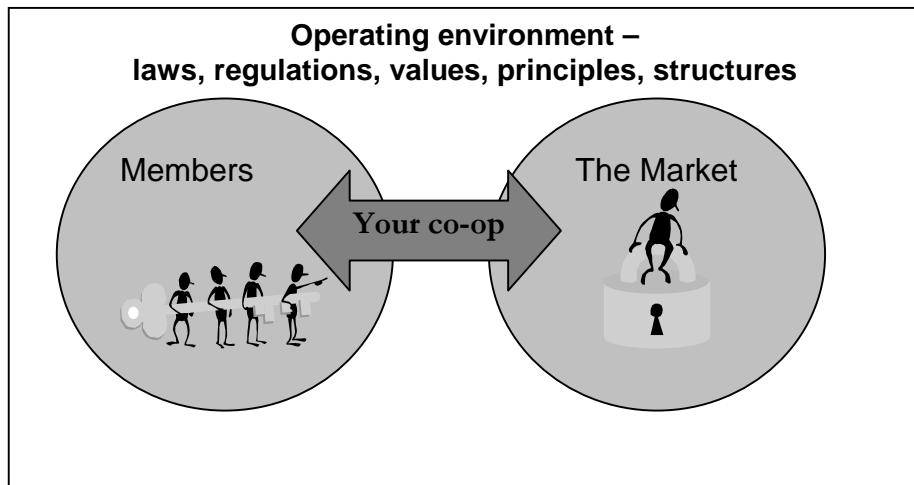
Case study 24

The focus of the co-operative is the collective buying of gas — used to heat chicken sheds during the first couple of weeks of a chicken's life "

Case study 25

" The SouthEast Housing Co-operative (SouthEast) is a tenant-managed rental housing co-operative that manages housing for low income households in the Southern and Eastern metropolitan areas of Melbourne. The co-op leases 101 properties from the Department of Human Services on a permanent basis for its members. "

Laws and regulations



In Australia, co-operatives are primarily regulated under State legislation, rather than Commonwealth legislation. Of course a lot of Commonwealth legislation like the Tax Act does apply to co-operatives. And there are regulations complementing the legislation.

Action in the 1990s helped harmonise the co-operative legislation throughout much of Australia. For instance, the NSW legislation offers cross-references to the Victorian legislation.

The Co-operatives Act and regulations are like the Traffic Act and regulations. You don't need to know all the details, but you do need to know the rules of the road and be aware of the scale of penalties. You need to know what actions might earn you demerit points and which might cost you your licence or send you to jail.

Likewise your Board needs to know what the laws and regulations say your co-operative must do:
in the course of its normal operations (e.g. annual reports, disputes), and
in times of crisis (e.g. going broke, winding up).



Check out Resources, 1 and 2

Case Studies

Case study 22

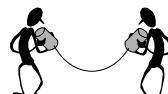
Registration as a business with ASIC was undertaken to enable interstate business to be transacted in States which are yet to adopt the new legislation allowing Co-operatives to register as a Foreign Co-operative in another State. ”

Also – CPS registered as a foreign co-operative in South Australia and assisted in the formation of a South Australian Co-operative, established to service local government in that State, with the extension of its contracts to their members. A number of SA councils continue to use CPS contracts.”

Also -Obtained approval from the Minister for Local Government to operate as an alternative tendering arrangement for Local Government, whereby purchases made by councils through CPS contracts could be included in their “Compulsory Competitive Tendering” (CCT) target figures. ”

Case study 25

Further obstacles were encountered when moves were made to terminate current head leases held by Rental Housing Co-operatives. An Arbitration process initiated by the United Housing Coalition resulted in the DHS accepting that the perpetual lease could not be terminated. SouthEast’s solicitor then had to sort out the complexities of a merger involving three separate head leases. ”



Suggestions for discussion

- Do you have a copy of your co-operative’s rules?
- When was the last time you saw a copy of your co-operative’s rules?
- When was the last time you used a copy of your co-operative’s rules and for what purpose?

Need to know?

- How much should your Board know about the co-operative’s rules, the Co-operatives Act and other relevant legislation and regulations? Why?

Co-operative Values and Principles

The worldwide co-operative movement is based on the assumption that together ordinary people can do extraordinary things. The co-operative model of business developed in the UK (notably the Rochdale model launched in 1844) has spread worldwide.

Co-operatives worldwide share commitment to a common set of principles usually reflected in the co-operative's rules and legislative framework.



Check out Resource 1, 3, 4 and 5.

Case study

Case study 23

We aim to explore related enterprises and support other co-operatives establishing (for example, we are exploring being an Internet access point and already

have won a tender to be the local shire information point and we are supportive of a local banking co-operative that is currently being established). ”



Suggestions for discussion

- How much did you know about co-operatives before you joined a co-operative or became a director?
- Can you name all 7 internationally recognised co-operative principles? Which ones surprise you least?

Need to know?

- Should your Board know about co-operative values and principles? How much do they need to know and why?

Co-operative enterprises

Co-operatives are enterprises with social purposes. Co-operatives engage in a range of economic and social activities from manufacturing dairy products to providing taxi services, affordable housing, radio and television services, to selling books and marketing arts and crafts.

In Australia, co-operatives have been commonplace in the agricultural sector for many years. These days, rural communities are being encouraged to form co-operatives to supply telecommunication needs and other essential services.



Check out Resources 1, 4, 5, and the case studies of Victorian co-operatives at Resources 22-25.

Case study

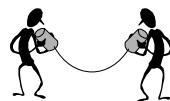
Case study 23

“ By early 1997, the owners announced their intention to close the paper. The Mirboo North community held a public meeting and decided to form a co-operative and continue production. ”
to be the local shire information point and we are supportive of a

local banking co-operative that is currently being established. ”

Case study 24

“ The focus of the co-operative is the collective buying of gas — used to heat chicken sheds during the first couple of weeks of a chicken’s life. ”



Suggestions for discussion

- Can you name 5 co-operatives beside your own - either in Australia or overseas? Why do you think those organisations are co-operatives?
- Can you recall any instances where co-operatives have been formed to provide services which commercial and government entities couldn’t or wouldn’t?
- Why are railways, cruise ships and airlines rarely run as co-operatives, when co-operatives are so common in agriculture, fishing, marketing, retailing, and housing?

Need to know?

- Should your Board know about your co-operative’s history and the history of co-operatives? How much do they need to know and why?

Business structures

The co-operative is an alternative to other business structures, which include:

- **Sole trader** - a person operating under their own name or a business name,
- **Partnership** - 2 or more people who jointly share management of an enterprise),
- **Company** - registered bodies operating under the Corporations Act,
- **Joint ventures** - 2 or more enterprises coming together on a short or long term basis,
- **Trusts and community enterprises** such as clubs and associations.

While co-operatives have existed for over 150 years, many co-operatives find that banks, government agencies, clients and suppliers are far less familiar with the co-operative structure than the company structure. Likewise, new directors of co-operatives may be more familiar with other business structures.



Check out Resource 6

Case study

Case study 22

The greatest challenge was to survive a takeover attempt by a competitor (company not a co-operative) in the local government market in 1996. ”

Case study 25

The Frankston, Oakleigh and Ringwood/Croydon Rental Housing Co-operatives completed a formal merger of their co-operatives on 12 June 2000 to form the SouthEast Housing Co-operative Ltd

The first major hurdle was to convince the DHS, under the previous Government, that a co-operative structure was preferable to a public company structure and that sufficient

accountability mechanisms had been built into the legislation to accommodate their requirements.

”

By early 1997, the owners announced their intention to close the paper. The Mirboo North community held a public meeting and decided to form a co-operative and continue production. ”

to be the local shire information point and we are supportive of a local banking co-operative that is currently being established). ”

Case study 24

“ The focus of the co-operative is the collective buying of gas — used to heat chicken sheds during the first couple of weeks of a chicken's life. ”



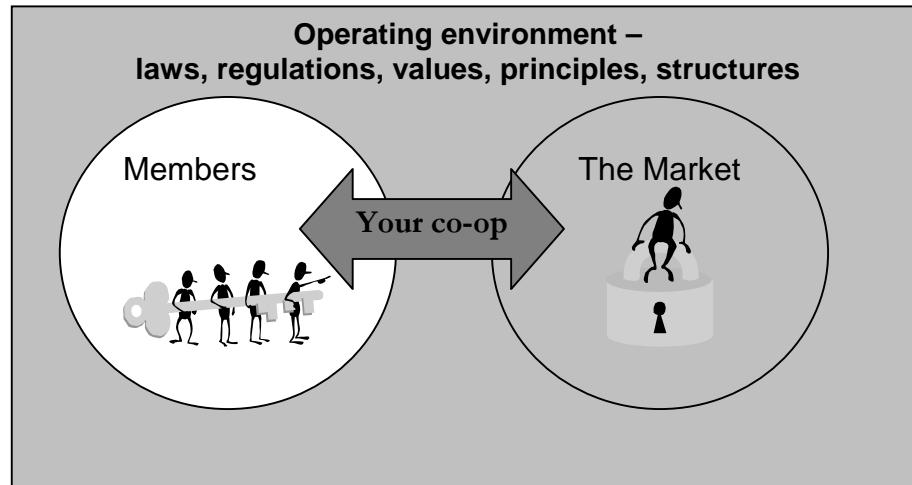
Suggestions for discussion

- What do you consider are the advantages of a co-operative compared with other business structures?
- Can you recall any instances of a co-operative becoming a company or vice versa? What might lead to such a change?
- Do you know of any co-operatives that own and operate companies? Or vice versa?
- Can you recall any instances of one co-operative trying to merge with another, just as company might merge with another? What was the driving force?
- How does being on the Board of your co-operative differ from:
 - running your own business?
 - being on the committee of a club or association?

Need to know?

- How much do you expect your Board to know about the co-operative business structure compared to other business structures?

Co-op members



Without members, there is no co-operative and no need for Board members. The co-operative exists to meet the need of its members.

The members elect the Board. Members can and should hold directors responsible for achieving the co-operative's vision and mission, and managing its financial affairs and legal obligations. Accountability to members is a key responsibility of a co-operative's elected leaders.

Members' key rights, responsibilities and roles are summarised below.

Members' rights

- information,
- a fair hearing,
- safety ,and
- choices in their dealings with the co-operative,

Members' responsibilities

- set the co-operative's objectives,
- decide its rules, and
- exercising ownership control over the co-operatives growth,

Members' roles

- use the services of the co-operative,
- elect capable directors,
- attend general meetings,
- respond to surveys,
- provide capital for operation and expansion, and
- study the Board's report and the auditor's reports.

Your co-operative's rules document some member obligations and perhaps the principal activity and objects of your co-operative. But the rules can never fully define member expectations.

Where members have low expectations, directors should act to:

- review and renew membership and the links between the members and the co-operative,
- develop active and informed members, and
- re-invigorate membership recruitment and participation.



Try the exercise in Resource 7

Case study

Case study 22

Membership was initially confined to local government; councils paid \$10 for nominal share capital and a \$990 refundable joining fee, i.e. \$1,000 on joining.

This was to provide some working capital until the scheme became operational and began to generate income to a level sufficient to cover costs.

The \$990 was refunded together with a dividend after the first full year of operation. An annual fee of \$300 was retained until 1995, when it was abandoned. ■

Also - To maximise potential, CPS found it important to communicate with members to ensure the persons with the purchasing responsibility are aware of the potential savings. ■

Also - The competitor argued that there was economy of scale, big is beautiful, with councils amalgamating to achieve savings a similar result could be achieved by merging the two purchasing schemes

CPS was able to demonstrate its greater cost effectiveness in terms of net profit to

turnover and convince members that local government and other members were in a far better position having a choice, which would be removed with a merger – no more competition. Imagine grocery prices if there was only one supermarket chain to shop at. ■

Case study 23

“We formed our co-operative in July 1997 and have gone from strength to strength. We have around 100 shareholders and more than 50 people are involved every week in writing, taking photos, gathering advertisements, typing, folding, running the co-operative etc. ■

Case study 24

“Membership of the cooperative is open to all VFF members, but initially it was the membership of the Chicken Meat Group. At present, the co-operative has 250 members. ■

Case study 25

“The members elect the members to become the directors of the board, SouthEast also has three Area Committees who assist in the running of the co-operative based at Oakleigh, Frankston and Ringwood/Croydon. ■



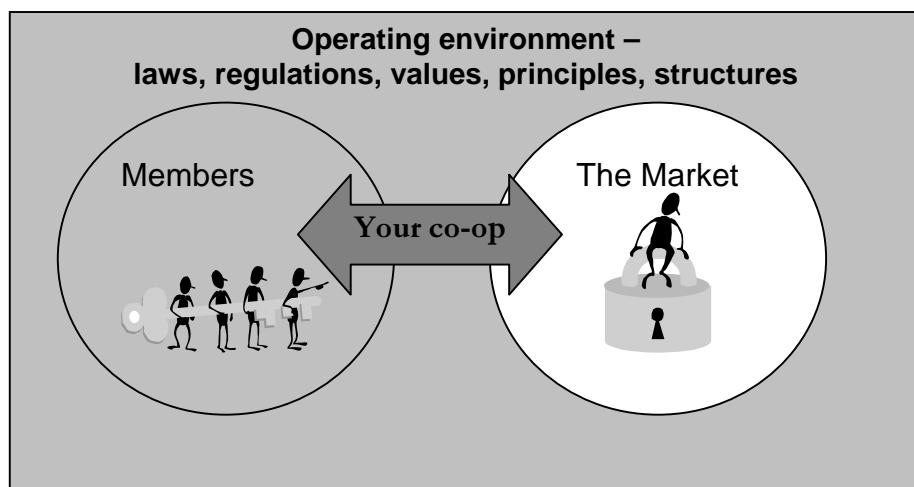
Suggestions for discussion

- How are members assessing whether your co-operative and its Board are doing the right things well enough and effectively addressing their expectations?
- How much interest are members showing in joining the Board? Are elections contested?
- What criteria do members use to choose between candidates for the role of director? How important are commitment, level of contribution and availability?

Need to know?

- How much do you expect your Board to know about the co-operative's members and their expectations of the Board and the co-operative? Why?
- What responsibilities does your Board have to members (e.g. keep relations between members and directors open and transparent)?

Co-op markets



Your co-op rules may document the principal activity and objects of your co-operative. But the rules do not fully define your co-operative's markets. Grounding members' expectations requires a good understanding of the current market(s).

Where a co-operative's current markets are beyond their founders' dreams or nightmares, members' expectations may remain unrealistically low or ridiculously high.



Try the exercise in Resource 7

Case study

Case study 22

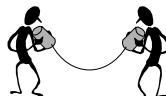
With continuing changes in legislation and the way in which councils are empowered to do business, there is always a threat that the level of business in that sector can diminish.

CPS must continue to diversify and expand its membership and will continue to do this in the Co-operative sector, not only in Victoria but nationally. “

Also - through recognition of established expertise CPS has been approached to provide consulting services to other organisations with significant memberships, which desire to provide “buying scheme” service benefits to their members.

This provides another income stream and profits generated will be included in our overall income, the surplus of which will be returned to our members as in the past. ”

Case study 22



Suggestions for discussion

- Do your members' expectations of the market conflict with those of your clients?

Need to know?

- How much do you expect your Board to know about the co-operative's markets, clients, competitors and marketing strategies? Why?

Mixing members and users

The users to whom the co-operative supplies goods and services may be a mix of members and non-members.

Where non-member users provide more of a co-operative's income than do member users, a Board may focus more strongly on the non-members than members. A co-operative may also have a minority of member users and a majority of non-member users. Both can cause difficulties regarding the co-operative business structure, principles and values.

Case study

Case study 22

“It is equally important to communicate with suppliers to ensure they are marketing themselves

to best advantage and utilising the promotional options available to them. ”



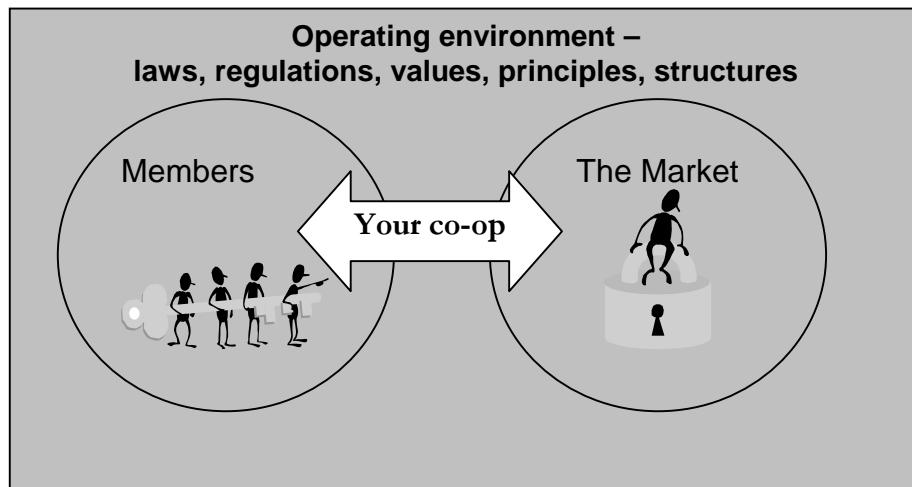
Suggestions for discussion

- Are your members the users of the co-operative?
- Does your co-operative have members who are not users? Why?
- Do you have users of the co-operative's services who are not members? Why?
- Does your co-operative encourage non-member users to become members and how? Why or why not?
- Does the co-operative have more transactions with non-member users than members? Is this a problem for the co-operative? Why or why not?
- Do members have a right to more information or more favourable terms than other users?
- Do you monitor user and member satisfaction?

Need to know?

- How much do you expect your Board to tell its members about the products and services the co-operative sells and the clients it serves?
- Is the Board's responsibility to its members greater than its responsibility to users and workforce?

Your co-operative - past, present and future



Having a sense of history and a rough idea of where it would like to be in 5 years time helps a co-operative determine priorities and look at what it needs to learn to survive and prosper.

As shown in the table below, co-operative enterprises need to simultaneously focus on the past, present and future on dealings with members and their workforces.

| Dealing with | Past & present focus | Future focus |
|--------------|------------------------|----------------------|
| Members | Provide accountability | Formulate strategies |
| Workforce | Monitor and supervise | Make policy |

The co-operative's Board provides direction while staff or member volunteers work to implement the vision and plans. The Board may need to communicate the co-operative's mission, strategy, values and financial goals to a management and workforce distinct from the ordinary members.

Together the Board and management work on the big issues and a better future.

| Issue | Big question |
|-----------------------|----------------------------|
| Business planning | What are we going to do? |
| Business requirements | What do we need to do it? |
| Quality process | How are we going to do it? |

Under the Co-operatives Act, it is the Board of Directors that is responsible for issuing instructions to the Manager, Secretary-Treasurer or others involved in the day-to-day management of a co-operative.

The Board's chairperson provides the main link between the Board and management. That includes providing guidance to management between Board meetings, while remaining responsible to the Board for all actions undertaken on its behalf.

All Board members share responsibility for providing leadership to co-operative's management and workforce.



If you'd like to work further on organisational issues, use Resources 1, 7, 8, 9 and 10.

Case study

Case study 22

The most important element of success is to have a good team running the co-operative. It is important to have a Board of Directors with an understanding and interest in the core business and able to contribute ideas on process. It is important to have suitably qualified and dedicated staff to implement Board policy and carry out the day to day administration. ...

Case study 22

It is also essential that there is a good relationship based on trust and

understanding between the Board and staff – they must see themselves collectively as a team, each with their key positions, but united with a common goal of achieving the Co-operative's objectives. ■

Case study 24

The day-to-day management of the co-operative is conducted by the Executive Officer of the VFF—Chicken Meat Group, who is the organization's secretary. ■



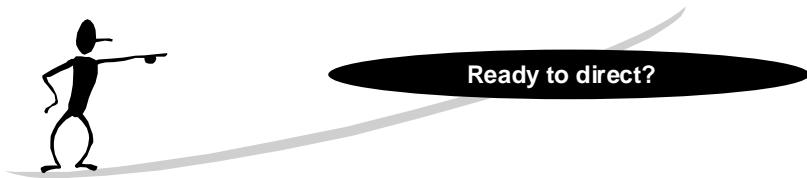
Suggestions for discussion

- Does your Board focus more on the past, present or future? Why? Is this a problem?
- What expectations of the co-operative does its workforce have? What benefits does the workforce derive from involvement with your co-operative?

Need to know?

- How much do your Board and workforce know about each other? How much do they need to know?
- Can your Board list the co-operative's business critical systems, information and people?

- What responsibility does your Board have to enhance management accountability to the Board?



Directors of any co-operative have an obligation to adequately equip themselves, so they can:

- set policy,
- guide strategic directions, according to the mission and plans of the organisation, in ways that fairly and knowledgeably reflect the interests of the membership,
- approve capital expenditures and operating budgets,
- ensure adequate resources are provided and managed effectively to achieve the organisation's goals, and
- assess the Board's performance.

In co-operative philosophy, being a director is less about having specialised training and expertise, and more about having:

- **an understanding and acceptance of member ownership and control,**
- **time and commitment** that will vary depending on the scale and complexity of the co-operative's business activities. Canada's Mountain Equipment Co-op suggests its directors should expect to allocate at least 40 hours of their time per month for Board responsibilities. This includes attending 8 – 10 Board meetings a year and serving on 3 or more committees that hold monthly teleconferences,
- **knowledge of the co-operative's rules,**
- **enough common sense and reason** to understand financial reporting and make sound business decisions, and
- a desire to work with the co-operative in meeting its objectives.

A co-operative's budget may set aside funds for the purpose of training, before or after joining the Board can develop director's skills.

Since the work of a Board is to take decisions, it often helps if directors:

- can understand accounts or read a balance sheet,
- have experience of planning some course of action for more than a few days ahead,
- have experience of giving orders, and
- have supervised the work of other people.



Check out Resources 10, 11 and 12.

Case study

Case study 22

The Co-operative is continually working on issues such as policies etc. It is the aim of our co-operative to embrace the principles of co-operation

We fully involve all the shareholders in major decision making (for example, we have held 3 well-attended meetings to develop our policies). ”



Suggestions for discussion

Board activities

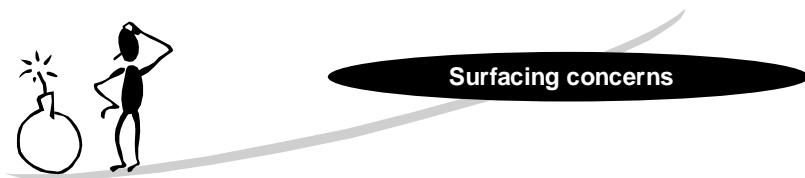
- Does your co-operative already have a statement of the role of its directors? If not, why not?
- What does your Board spend most of its time doing? How informative are the minutes of your Board meetings?
- What do directors spend their time on outside Board meetings?
- How would a job description for a member of your co-operative differ from that for a director?

Advice and support

- What helpful advice could you give to potential directors, new directors, or to experienced directors?
- What advice do you wish you had been given when you became a director?
- What could help you function more confidently as a director of your co-operative?

Need to know?

- Can your Board function effectively without knowing which of its members have mastered the knowledge and skills directors need and which are ready to learn?



Before forming or joining a co-operative or the Board of a co-operative, members often fail to confront their dreams and nightmares.

Many of those fears and frustrations are addressed by the co-operative framework and rules. Passing of rules and development of procedures or arranging insurance can address other concerns.

Still, managing risk is a major part of any Board's role and that includes managing the risk that directors will burnout or find their workload becomes unsustainable. A wise Board works to keep workload sustainable and satisfying for each of its directors.

A good reality check on these concerns is to look at the current activities and concerns of your Board.

Directors may enjoy some aspects of serving their board such as:

- chance to make a difference – achieve goals and improve service to members,
- early advice about what's happening / potential projects,
- the opportunity to get to know other Board members and learn from them,
- chance to learn new skills or apply/develop existing skills,
- fun and friendship, and
- diversity of minds and opinions.

Directors may dislike some aspects of serving their board such as:

- meetings, bloody meetings,
- reading load,
- inevitable phone calls, faxes, emails at work and home,
- financial, emotional, other risks
- boredom (More of the same — especially where “I'm on other boards as well”),
- time needed to consult others, and
- not enough of the right sort of information.



Try using Resources 8 and 9 to explore your *concerns*.

Case study

Case study 22

“Directors and staff are confident of a promising future and ability to maintain viability in the market place by continuing to provide its

members with Competitive Products and Services.”



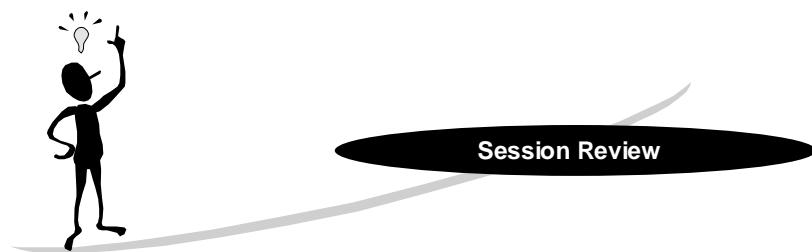
Suggestions for discussion

- What are your dreams and nightmares about being on the Board of your co-operative?
- Do the rules or legislative framework address or add to your fears?

- Can additional rules offer a way to manage risk?
- Do you know what the directors of your co-op like and dislike about their role? Is there much consensus? Do their likes and dislike include any of the items listed above? What would they add to those lists?

Need to know?

- Can your Board function effectively without surfacing the concerns of its members and addressing them?



Now that you have completed the first session for this program, it's time to review this session and prepare for the next.



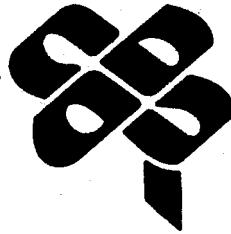
Suggestions for discussion

This session

- What did you like or dislike about this session as a learning process?
- Did you make any decisions about developing your co-operative's directors or draw any interesting conclusions from this session's discussion?
- Do you see a need to start working towards:
 - Agreed job descriptions for directors, Chairman, Secretary-Treasurer or other officers?
 - Listing the Board's current & desired competencies (knowledge, skills attitudes and behaviours)?
 - Listings of preferred pathways for enhancing existing competencies and moving toward desired competencies? and
 - Agreed performance indicators for the Board?
- What other outcomes are you now expecting and why?

Next session

- Can you set a time and a place for your next meeting?
- Are there issues or questions arising from this session that you would like to discuss in the next session?
- Do any arrangements need to be altered for your next meeting e.g. Will you use the same facilitator?
- Do you want to taperecord the session or take notes on butcher's paper as you go?
- Do you need additional resources or people?



Co-opAdvantage

Developing Directors of Co-operatives

Session 2

Getting Down to Essentials

A learning circle product developed by
Active Learning & Communication Co-operative Limited for the
Co-operative Federation of Victoria Ltd

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This learning circle was developed by Active Learning and Communication Co-operative Limited (ALCC), a not-for-profit cooperative involved in active community-based learning utilizing the wealth of prior learning and experience that exists in our communities.

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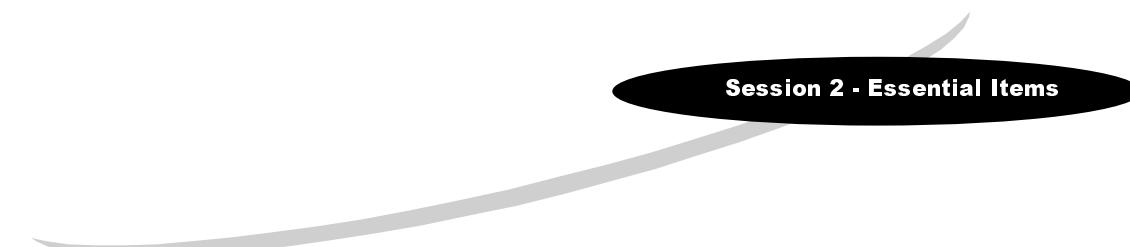
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**Session 2 - Essential Items**

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This session moves in from the big picture to look at:
a possible job description for the director's role,
some of the details of the director's role, and
the issue of what is essential for the Board Vs what is essential for any individual
director.



People who wouldn't buy a pig in a poke may be prepared to take on poorly defined
roles as directors of a co-operative. Whether this is necessary or desirable in the case
of people taking on directorships of a co-operative is another matter.



Take a look at outlined at Resources 10, 11 and 12 of the
Resource Book. Remember you can keep developing your job
description for directors as you work through this program and
even after that.

Case Study

Case study 22

*“ It is important to have a Board of
Directors with an understanding and
interest in the core business and able
to contribute ideas on process.*

*The Board has appointed 3 of its
number to a Finance and Marketing
Committee under specific powers of
delegation. The Board and Committee
meet in alternate months. ”*



Suggestions for discussion

- What is involved in your current director's job and who in your co-operative is likely to be attracted to the job?
- What led members of your current Board to take on their director's roles?
- What might make the role of director more attractive to other co-operative members?
- Do they need some personal work experience of the role? Or a handbook? Or a mentor? A standard training program or an individualised training program?

Directors obey laws and rules

One way to think of the Co-operatives Act, your co-operative's rules and bylaws is as a street directory or dictionary. You don't need to read it page by page, but you do need to know how to use them to quickly find out what you want to know.



Checkout Resources 1 and 2.

Case Study

Case study 22

“ During 1998, new rules were adopted under the new 1996 Act. ”



Suggestions for discussion

- Where would you seek advice on the interpretation of the Act? From your own lawyer or from the Registry of Co-operatives, The Co-operative Federation of Victoria Limited or some other source?
- What steps can you take to ensure your co-operative has adequate working knowledge of the legislation and regulations within its Board?
- What is your best hope of keeping up to date with changes to the Act? Is it the Registry of Co-operatives, The Co-operative Federation of Victoria Limited or other associations? Using reference sites? Meeting with other co-operatives?

Directors have ethics

Co-operative principles require ethical behaviour. Arguably, the community and co-op members expect more from a co-operative than from a for-profit company focused simply on achieving the best return to shareholders.

Members, client and others may expect the co-operative to behave ethically regarding money, people, information and the environment. They may even be thinking in terms of the “triple bottom line” (that's the financial, social and environmental bottom line).



Try using the triple bottom line to help you list examples of ethical behaviour. You might find it easier to start listing unethical behaviours and then identify their ethical counterpart.

Check out Resources 3, 4, 8 and 13.

❖ Case study

❖ Case study 23

“ We aim to return benefit to our community (we sponsor a number of events open to the community such as guest speakers, as well as supporting young people through awards at the local school).

We aim to explore related enterprises and support other co-operatives establishing (for example, we are exploring being an Internet access point and already have won a tender to be the local shire information point and we are supportive of a local banking co-operative that is currently being established). ”



Suggestions for discussion

- Is ethical behaviour an essential item for co-op directors?
- What do you regard as ethical and unethical behaviour? Consider conflicts of interest, sexual harassment, copyright infringements tax avoidance, persistent late payment of suppliers, playing favourites or interfering with the work of staff.
- What ethical standards should you apply to advertising and promotion or investment ideas or to selection of members, clients and suppliers?
- Does your Board have a shared understanding of ethical behaviours? Does this matter?
- In ethical terms, what are the director's responsibilities to each other, the members and the co-operative's clients and suppliers?
- Are ethical demands more compelling than the requirements set out in your co-op's rules and the Co-operatives Act?

Directors represent their co-operative

Directors have dealings with a range of stakeholders in addition to members and the co-operative's workforce. The way they conduct themselves will reflect on the co-operative. Their effectiveness in lobbying governments or funding bodies, or handling the media can have significant consequences for the co-operative.

❖ Case study

❖ Case study 25

“ The merger of the co-operatives followed two years of very difficult negotiations and hard work by members and their staff member. Negotiations took place at two levels, between the participating co-operatives' membership and with the Department of Human Services (DHS). ”



Suggestions for discussion

- Besides members and staff, what stakeholders do your directors have dealings with?
- Do your directors ever meet directors of other co-operatives or visit other co-operatives?
- Does your co-operative still have to explain its structure to clients, suppliers, government agencies and the general public? Is this a problem?

Need to know?

- How can your Board assist directors to better represent the co-operative? Consider media training, information kits and promotional material, contact databases and more!

Directors account to members

The Annual General Meeting (AGM) and the annual report are some of the ways directors account to their members. They shouldn't be the only ways, if there is to be effective dialogue between members and their board.

Members may be invited to attend board meetings, assist on committees and working parties established by the Board. Members' opinions may be sought via surveys or focus groups, open days, social functions, newsletters or postal ballots.

Case studies

Case study 22

“ A new name was approved at the October AGM and subsequently registered as Co-operative Purchasing Services Ltd, which more readily defines what the Co-operative does. ”

Case study 25

“ The members recognised the need for a more professional, cost efficient and accountable organisation which is capable of surviving into the future, while securing housing for current and future members and of expanding the number of properties under its management. ”



Suggestions for discussion

- How accurate do you think your Board's assessment of members' expectations is? Is it worthwhile running a survey to check on this?
- What sort of survey of members' expectations is likely to yield the most useful information in a reasonable timeframe? Can members be surveyed at the AGM?
- Should member surveys be reported in the annual report?
- Do your annual reports, business plans and budgets realistically address the expectations of members? How intelligible are they?
- Can you explain or interpret the profit and loss statement or the budget in your annual report? Could most members do this? Are there barriers to understanding that can be removed or reduced?

Need to know?

- What support or training might assist directors to better understand members, represent members and account to them?

Directors assess markets

Remaining competitive in the market place may require drastic action, like cutting back on plant and staff, upgrading equipment or embracing new technologies.

Victoria's CPS co-operative turned to new media and e-commerce to remain competitive.



Check out Resources 1, 7, 10 & 14.

Case studies

Case study 22

“The lesson to be learnt from such a (takeover) challenge is to know your competitor and their marketing strategies. Be seen in the market place and respond to any attack or criticism in a positive way.”

Also “*The CPS web site provides for a range of interactive functions to enable business to be transacted with both members and suppliers. Development will be ongoing.*”



Suggestions for discussion

- Has your Board arranged a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of your organisation relative to its markets?
- Are all members of your Board familiar with the “4Ps of the marketing mix” – product, place, promotion and price? Do they know how these are applied to the co-operative's goods and services?

Need to know?

- How well do your members understand the co-operative's markets and marketing strategy? How much do they want or need to know?
- What support or training might assist directors to stay abreast of a changing market?
- What support or training might assist directors to better explain markets and marketing strategies to members?



If you'd like to work further on SWOT, see the material in Resource 14.

Directors manage risks

Risk can be defined as anything that prevents an organisation from achieving its objectives. Areas perceived as “high risk” include service performance, information technology and systems and human resource management.

Arguably the Board’s role is to comply with laws concerning co-operatives whilst:

- ensuring the co-op is managed to meet the needs of the members, and
- maintaining financial stability as well as their own health and sanity.

That involves managing risk, so it’s worthwhile to spend some time considering the nature of those risks and how these are currently managed within your co-operative. Insurance is one way to manage risk, but not necessarily the most cost-effective or appropriate way. For many householders, insurance is just one part of trying to keep their home secure. Householders may insure their house and contents, fit a burglar alarm, buy a dog, join Neighbourhood Watch, and remember to cancel the newspapers and redirect their mail when going on holidays.

Common tools for reducing an organisation’s risks include procedure manuals, training programs and codes of conduct and audits.



Check out Resource 7, 11, 12, and 15 for more information on these topics for ways to assess and manage risk.

Case studies

Case study 24

After establishing the cooperative, an agreement was secured with the main gas supplier in Victoria, Heatane — a long-term contract set at a competitive price per litre, pegged to the World Parity Price. After two years, however, the co-operative was concerned whether the linkage was being applied — particularly during the low points of the season with competitive suppliers often able to offer better deals.

A subsequent audit by an independent major accounting firm confirmed that the link with ‘world parity’ had been eroded by extended margins.

A lengthy series of negotiations followed and in the end had the effect of additional discounts built into a new three-year arrangement. These arrangements have withstood the test of time. ■

Case study 22

“The greatest challenge was to survive a takeover attempt by a competitor (company not a co-operative) in the local government market in 1996. ■

Case study 25

“The difficulty of merging three distinct co-operatives each with their own cultures built up over 17 years was at times problematic and will continue to be a challenge for the new board and staff members. However negotiations with the Department of Human Services proved to be even more complex and problematic. ■



Suggestions for discussion

General

Has your co-operative ever done a risk audit, or a disaster recovery plan? Did it cover personal risk, financial risks, insurance and business systems?

- Personal

What are the risks to you of being a director?

- Financially
- Emotionally
- Other e.g. impact on your own business/work, and other commitments like family, study, sport, hobbies and recreation

How much risk is there of finding yourself as part of the Board, committed to a decision you deeply loathe or disapprove of?

Experience & expertise

- Does a lack of experience or expertise within Board pose any risk to your co-operative?
- How reliant is your co-operative on key people? What provision has been made for appointing and training deputy directors providing effective substitutes for key staff?

Succession

- Are potential directors likely to make unrealistic estimates of the risks involved? Why, what can be done about this?
- Are there steps that could be taken to minimise undesirable impacts that being a co-operative director has on other aspects of a director's life?
- Is it worthwhile to periodically survey the Board to check whether the director's role is still meaningful, manageable and attractive?

Directors understand the business lifecycle

Businesses form, mature, die or re-invent themselves. Different stages of the business life cycle are associated with different risks and expectations. They may need different management styles to meet the needs of their customers.

Most business failures occur while the business is in its formative stages. While statistically less prone to failure than other businesses, co-operatives can and do fail due to bad direction, mismanagement or defective supervision.

Co-operatives and other businesses that live long enough, typically start with an entrepreneurial, seat-of-the-pants management style, then move onto a stable administrative infrastructure and well-planned and managed development.



Check out Resource 1.

Case study

Case study 25

“The difficulty of merging three distinct co-operatives each with their own cultures built up over 17 years was at times problematic and will continue to be a challenge for the new board and staff members.”

Case study 22

“Once established and accepted by local government throughout Victoria, CPS had the ability to attract the enormous market, which sells to that client base.”

Also in 1996 “Purchasing Victoria adopted as the new name and it became a direct employer of the staff necessary to administer the Co-operative. Furniture, equipment and other assets owned by the MAV and used by the Co-operative were purchased and Purchasing Victoria clearly demonstrating that it had come of age.

The child had left the parent. It had always been a separate legal entity, but this had not always been clear to the local government membership – now it was. It was important politically for the Co-operative to be seen as completely self-sufficient and not supported by the MAV, another reason for the name change.”

In October 1998, the reborn child CPS came of age and clearly left its parent, MAV, with a physical move to new offices in Wantirna South, opposite Knox City Shopping Centre.”



Suggestions for discussion

- Does your board know where your co-operative currently sits in the business cycle?
- What would indicate to your Board that your co-operative was moving from this phase to another? Is such a change expected soon?
- Should your co-operative be wound up when its role finishes? How would your Board know its role had finished?
- How will your Board know if:
 - your co-operative needs to change its vision, mission, membership, size, activities, locations or mix of resources?
 - there is scope for partnerships, sponsorship and joint activities with other organisations?
 - Is action needed now to reinvent your co-operative? What role will your Board have?

Directors plan strategically

A thorough and well-structured strategic planning process helps an organisation see the forest and the trees and successfully navigate to an agreed destination or direction. Against the framework of the organisation's vision and mission, it sets out goals and objectives and indicates the required resources.

A strategic direction is a clear, shared vision on:

- How the co-operative will fulfil its vision, mission and meet its members needs, and
- where the Board and management are jointly seeking to take the business operation of the co-operative.

With such a framework, an action plan for training and education of a co-operative's directors, members and staff could outline development targets and report against these to its members. Targets might include specified hours of training per year for directors and members.

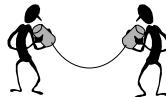


Play the game at Resource 8. Then if terms like vision, mission and objectives seem confusing, check out Resource 14

Case study

Case study 25

“SouthEast Housing Co-operative is here to stay and believes it is ideally situated to promote the cause of tenant-managed rental housing co-operatives and to secure the housing rights of its members into the future.”



Suggestions for discussion

- Is the co-operative operating in reactive mode?
- What strategic planning mechanisms does your Board use and how often? How well do they work?

Directors counter “hospital toast” syndrome

Strategic plans need to be implemented monitored and updated. Business operations need to be critically reviewed for effectiveness. Failure to do this increases the risk of passively accepting “that's how we've always done it” and lapsing into the wasteful, ineffective “hospital toast” syndrome described below.

“Once upon a time, there was a hospital that served its patients toast for breakfast. The hospital spent money buying the bread for toast. Hospital staff toasted the bread, then put it into little decorated paper bags on the breakfast trays that were carried to the patients.

Patients expected the toast. Most of them even ordered it, but hardly anybody ate the toast. It was cold or too dark or too pale, so every day breakfast trays went back to the hospital kitchen with uneaten toast. That went into the rubbish and the hospital paid for the rubbish to be taken away.

One day, the person in charge of the hospital's catering service, decided to search for new ways to reduce waste and save money without reducing service to patients. She was shocked when she totalled up the time, effort and money spent on uneaten hospital toast.

The story does have a happy ending. The hospital no longer offers its patients toast for breakfast. Instead they get a hot roll served in a dishwasher-safe china container that keeps it warm in its journey from the kitchen to the patient's breakfast table. People enjoy eating the hot rolls.

The staff wash and re-use the china containers and are no longer disheartened by preparing lots of toast and then having to throw out lots of uneaten toast in little paper packets. The hospital's head of catering services is happy and the rubbish remover makes a little less money from the hospital."

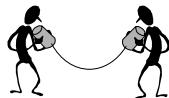


Check out Resources 10 and 14.

Case study

Case study 22

“A mindset of “we have always done it this way, or purchased from this supplier” had to be changed.”



Suggestions for discussion

- Are your co-operative's efforts spent where they count? Do any of them fall into the “hospital toast” category of busy, but not highly productive work?
- Are your co-operative's efforts meaningful and appreciated. Why or why not?
- Does your Board arrange to audit the effectiveness of your co-operative as a well as its finances?
- Can you experiment to see which of your services, members and users might appreciate in a different format or if there are any they'd prefer to do without? Can you find out if any new services would be appreciated?
- Should you be trying to provide the same level of service to all members and users or is it a case of “horses for courses”?

Essentials and desirables

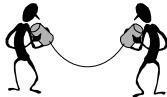
Based on your work from session 1 and this session, you probably already have a fair idea of:

- essential skills and qualities required for any director of any co-operative,
- other skills and qualities you consider essential for directors of your co-operative, and
- skills and qualities you consider desirable to cultivate in your board members or ensure your board can access.

You may like to ensure your director's job description distinguishes between essential and desirable skill and qualities.

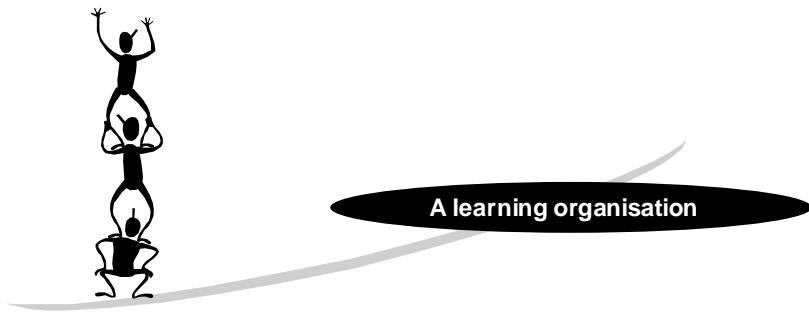


If you'd like to work further on this, see the material in Resource 7, 10, 11 and 12.



Suggestions for discussion

- Can you make amendments or additions to the essential skills and qualities required for any directors of your co-operative?
- What does your list of “directors’ essentials” now include?
- What does your list of desirable skills and qualities in directors now include?
- Are different competencies required for the Board’s Chairman and Secretary?
- Are special competencies required for the sector in which your co-operative operates?



Peter Senge's book "The Fifth Discipline" outlines the concept of a **learning organisation**, associated with the disciplines of:

- systems thinking - includes identifying underlying structures in complex situations,
- personal mastery - includes clarifying one's personal vision, holding creative tension and making choices about managing time and other resources,
- mental models - includes testing assumptions and distinguishing between abstractions, generalisations and directly experienced data,
- building shared vision - includes a visioning processes, commonality of purpose, acknowledging current reality, and
- team learning.

The learning organisation approach has a lot in common with the quality management and continual improvement approach to organisational management.

Some co-operatives demonstrate commitment to organisational learning by: creating a framework of opportunities for members to learn more about their co-operative, become actively involved in its governance and well-equipped for that role, and amending their rules to establish the need for member and directors to recognise training and personal development as a key part of their role in the organisation, not an optional extra.

Case study**Case study 23**

“ It took us about 6 weeks to gather together the finances and equipment needed to start production. We started with begged and borrowed computers, cutting and pasting for the layout, photocopying (A3) and hand folding to produce 300 copies of a 12 (A4) page newspaper that sells for 50 cents. ”

Also “ *We fully involve all the shareholders in major decision making (for example, we have held 3 well-attended meetings to develop our policies).* ”

**Suggestions for discussion**

- Is your co-operative an organisation that learns from its environment, experience and people?
- What commitment has your co-operative made to train and educate its directors, members and staff and encourage them to keep on learning?
- Is your Board a team that learns together? What about Board committees and working parties?
- Does your co-operative encourage directors, members and staff to learn together and from each other?

Smashing learning barriers

Formal commitment to organisational learning needs to be backed by action to remove barriers to reflection and learning such as:

- work overload - addressed by delegation, job redesign, contracting out, job sharing, appointment of deputies, time management, project management, stress management techniques
- telephone tyranny - addressed by message bank, answering machine or directives such as “ no calls between the hours of x and y, except in life-threatening emergencies ”,
- lack of basic information on the co-operative and Board - addressed by providing directors with strategic plans, organisation charts, vision and mission statements, annual report when they join – perhaps as a Board manual.
- new information can be provided by mailouts or at board meeting, or on a suitably secure web site.
- other barriers including family and work and other commitments and any language and literacy difficulties - addressed by flexible learning programs, child minding assistance, access to mentors, interpreters, modems and training in electronic mail and using the World Wide Web.



Check out Resources 16, 17, 18, 19 and 20

Case study

Case study 23

Telephoning or visiting members and talking with purchasing officers and demonstrating the advantages of membership and using CPS contracted suppliers. ■



Suggestions for discussion

- What would have to change for your co-operative to become a learning organisation?
- Is the Board of directors best trained as a group?
- What would have to change for your Board to become a more effective learning team?

People issues “Know thy self” was the ancient Greek ideal, but members of your Board of directors also need to be aware of each other’s strengths and limitations regarding the work of the Board.

Many large Australian organisations use comprehensive techniques such as the Myers-Briggs personality assessment tool to assist with team building. Such techniques help people to:

- recognise their own personal styles, and
- create teams with a useful balance of introverts/extroverts and thinking/feeling and sensing/intuitive and judging/perceptive types of people.

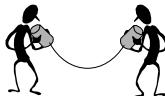


Consider completing and sharing the output from using Resource 21. Alternatively, review existing co-operative documentation such as skills summaries, proposals or other documents, which might help members learn more about each other.

Case study

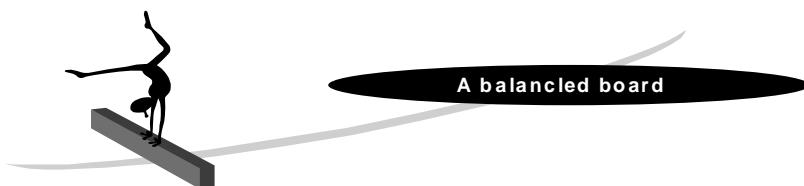
Case study 23

The most important element of success is to have a good team running the co-operative. ■



Suggestions for discussion

- Do you agree on which directors have the best understanding of:
 - rules, legislation, and marketing?
 - members?
 - co-operative finances?
 - co-operative projects and on day-to-day operations?
 - time management?
 - running effective meetings?
- If you were introducing any member of your Board of directors at a function, how would you sum up their role in your co-operative? Would you need more information than you currently have on each director?
- How familiar are you with the work history of each member of your Board of directors? Do you have access to their CVs?
- If each member of your current Board of directors had to write a job application for the director's role, what would be their strongest claims? Did they campaign for election on that basis?
- Have you or any members of your Board used any personality assessments tools? When, where and why, how useful was it? Would they be of value to your co-operative now?
- What knowledge, skills, attitudes and behaviours does the Board of your co-operative have collectively? What 5 words would you use to describe these?
- Has your Board ever done any peer appraisal of the work of its directors?
- What responsibility does the Board have for enhancing the quality of direction it provides to members and workforce?



No single director need embody all of the essential or desirable elements that the Board collectively needs.

An ideal to work towards would be:

- a diversity of knowledge and skills, and
- sufficient commitment to your co-operative and to co-operative principles to facilitate teamwork.

A Board where everyone thinks alike may appear harmonious and effective, but it runs the risk of "group think". That's the situation, where it seems everyone wears the same blinkers and fails to understand how partial and limited their view of the world has become.

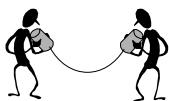


Check out Resources 1, 10 and 21.

Case study

Case study 22

“One “Independent” director has been appointed under the Rules, who does not represent any member, but has a strong background in purchasing, particularly in the local government sector.”



Suggestions for discussion

- What relevant knowledge, skills, attitudes and behaviours do you bring to the Board of your co-operative?
- What knowledge, skills, attitudes and behaviours would the Board of your co-operative have in the best of all possible worlds? Think of 5 words you would use to describe these. Consider successful, confident, known, committed, expectant.
- Can your co-operative afford to carry lazy “passenger” directors on its Board? What advantages could they offer?
- Can any one Board member exercise too much power?
- Does every director need to gain some minimum level of competence in all essential areas?
- Is formal evidence of competence in essential areas expected or desirable?

Balancing the Board

Boards need to have access to people who can think “outside the square” and stimulate the Board to think and act outside its comfort zone as needed.

To counter group think, the Co-operative Union of the UK suggests that co-operatives incorporate in their rules a requirement for a minimum of 12 hours training per annum on the issues surrounding accountability.

Boards of course do not work in isolation. They can co-opt experts and draw on the resources of members, and their own networks for expertise. Knowing about the range of available expertise or being able to quickly research it may be a very desirable skill to have within your Board or cultivate elsewhere. A standard Board procedure for directors to take independent professional advice can help keep management advice in context.

Some Boards are required to have “independent” non-member directors. Others choose to appoint such directors. As finding suitable non-members can be difficult, some co-operatives establish search committees to spot independent directors that could provide a balance of skills on the Board. Such committees need to be alert to the net benefits that involvement with the board could offer potential directors.

Independent directors may have a greater need than member directors for thorough briefings on their specific co-operative and on the general co-operative movement, principles and values.

Case studies

Case study 22

“*The Co-operative is managed by a Board of 7 Directors, elected by Co-operative members. One "Independent" director has been appointed under the Rules, who does not represent any member, but has a strong background in purchasing, particularly in the local government sector.*”

Case study 24

“*A subsequent audit by an independent major accounting firm confirmed that the link with 'world parity' had been eroded by extended margins.*”

Case study 22

Also “*An independent review of the CPS operation, following that meeting, by Coopers & Lybrand, commissioned by the CPS Board, clearly established CPS viability.*”

Case study 25

“*SouthEast's solicitor then had to sort out the complexities of a merger involving three separate head leases.*”



Suggestions for discussion

- What other resources can the Board use to supplement its own knowledge, skills, attitudes and behaviours? Are these additional resources cost effective and sustainable? What gaps remain?
- Does the Board need to be enlarged or reduced in size to achieve a better balance? Are more committees needed?

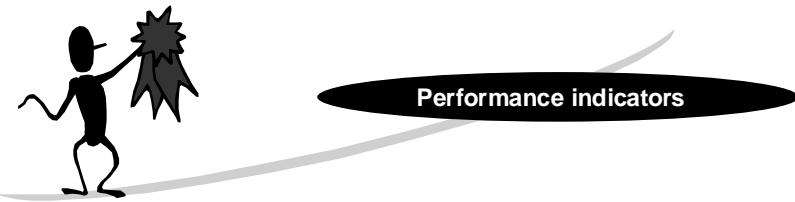


Your co-operative needs a development path that sustains and nurtures its members and invigorates its Board. (This topic is pursued in more detail in Session 3.)



Suggestions for discussion

- How can the Board plan to stay fresh, and committed and effective and efficient at its tasks? How important is a sense of fun and shared enjoyment?
- Can you start a list of possible pathways for your directors to develop the essential and desirable skills?



Even when the direction is clear, and targets defined, signposts can be very reassuring – and they are wonderfully reassuring in a fog. Performance indicators are signposts that can help your Board decide whether it is moving closer to its mapped objectives or further from them.

The idea is that when you plan each action, you should have an idea of:

- the expected outcome, and
- the things that might help you decide whether you are making progress in the right direction at a good rate.

For instance, you'll know your co-operative is doing something right, if participants in your co-operative's program for developing directors start using that program as a good example for other organisations they know.

Likewise you'll know there is scope for significant improvement, if:

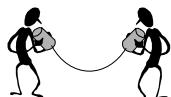
- your directors keep making unfavorable comparisons with other training and education programs, they know about, and
- your auditor points to serious inadequacies in your training and education programs.

Identifying meaningful easy-to-use performance indicators can be a tricky business. It's an area that many Australian enterprises identify as requiring improvement.

The best advice is to keep it simple. Why not simply document the indicators you already apply mentally or informally? Your initial set of indicators can be refined and amended.

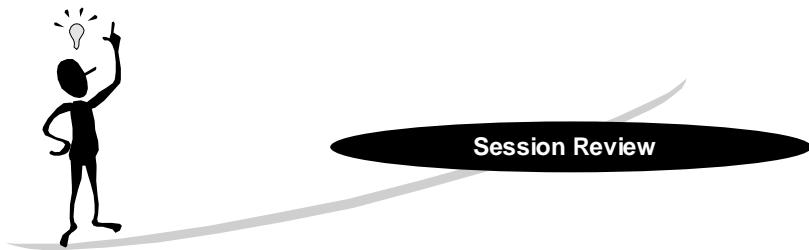


Check out Resources 1, 10, and 14



Suggestions for discussion

- Is your co-operative or any member of your Board experienced in the use of performance indicators?
- How does your co-operative decide if it is achieving success in cultivating and sustaining the essential items in its directors? Can performance indicators be identified?
- Who can assess performance against these indicators? Should competencies and progress be assessed and audited?
- Does your co-operative need an audit committee? What specific training, might members of this committee need?



Now that you have completed another session for this program, it's time to review what you have done.



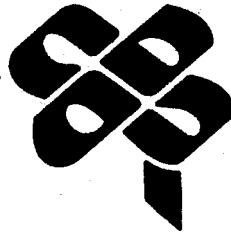
Suggestions for discussion

This session

- What did you like or dislike about this session as a learning process?
- Did you make any decisions about developing your co-operative's directors or draw any interesting conclusions from this session's discussion?
- How much progress do you think you have made toward the initial expected program outcomes?
- Are these anticipated outcomes still important to you or are you now expecting different outcomes? Why?

Next session

- Are there issues or questions arising from this session that you would like to discuss further?
- Do you need any further meeting about developing directors? Can you set a time and a place for your next meeting?



Co-opAdvantage

Developing Directors of Co-operatives

Session **3**

Development Paths for Directors

A learning circle product developed by
Active Learning & Communication Co-operative Limited for the
Co-operative Federation of Victoria Ltd

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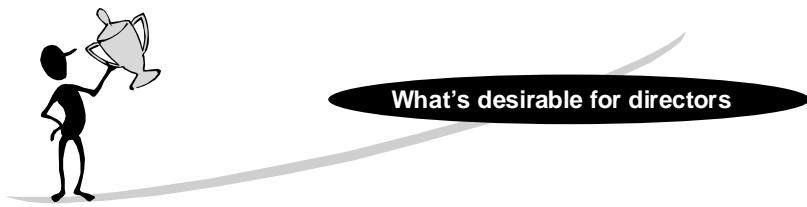
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Session 3 - Directors Development Paths

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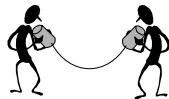


Now that you have worked through the sections covering an overall review of Director's responsibilities and essential attributes, this session concentrates on identifying and prioritising:

- desirable attributes for directors, and
- relevant development paths.



Review the list of competencies at Resource 11 or your own updated list of competencies.



Suggestions for discussion

- Does your shopping list of desirable competencies include:
 - leadership and communication (e.g. how to run effective board meetings, how to communicate effectively with members and clients),
 - an appreciation of the background and setting for co-operative business activity including GST, and
 - an awareness of the latest developments and trends within the business area.

When are these items desirable?

Some desirable items might be more desirable than others – at least in the short term. Some of course may be interconnected and interdependently linked, like a bunch of grapes.



Try ranking the desirable skills and qualities for your Board in priority sequence before moving on to the questions below.

Case studies

Case study 22

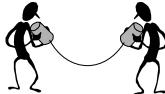
“Following (council) amalgamations, challenge was to retain members in situations of complete change, where councilors were replaced by commissioners and new CEO’s were appointed.”

Also later *“The first priority was the*

Case study 25

“The State Government’s decision to re-structure the community housing sector, driven by the need for greater cost efficiency and accountability.”

development of a business solution to deal with the periodic tender program that placed significant demands on the limited CPS human resources.”

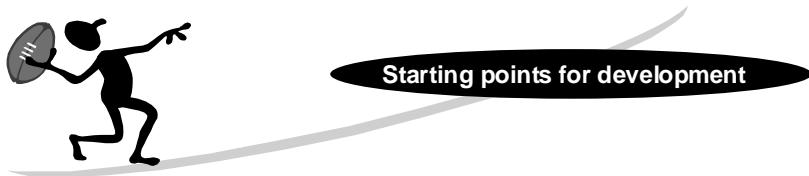


Suggestions for discussion

- Which of the desirable items would you prefer to have available within your board now, within 6 months, before the end of the year?
- Which of the desirable items can be provided by outside experts, paid advisers, contractors or staff until those items are present within the Board or membership?
- Can several directors collaborate to develop the desired qualities? How many people need to have them and to what degree?

Priorities

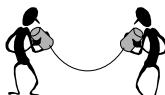
- Are there other issues that might change the priority of your desirables, e.g. the GST or the volume of project work?
- How long before you think your priority list will need to be revised?
- Is it possible or sensible to prioritise the list of essential competencies in the same way as the desirables?
- What implications does this have for the task of developing directors?



Your co-operative’s directors may differ in the extent to which they already have the essential and desirable competencies and skills. Some may simply need refresher courses, while others need basic training.



- making a list of the prior learning and expertise for each of your directors regarding the skills and qualities you have prioritised for directors, and
- finding out how your relevant industry and professional bodies and your nearest TAFE, university or community education centre recognise prior learning.



Suggestions for discussion

- Do you think your Board, as a whole would agree with your map of starting points? What aspects if any might be contentious?
- How will your directors feel if a proposed development program fails to recognise their prior learning and expertise?

- Are formal qualifications or training required? Is there scope for formal recognition of prior learning?
- How can a director's current skills and expertise be assessed? Are there any tools you can provide to assist self-assessment?

Learning preferences and styles

Your co-op directors may also differ in:

- their preferences for learning – small groups, reading, formal or informal settings,
- the time they can spend on developing themselves as directors, and
- constraints (time, travel, scheduling of development activity, other commitments).

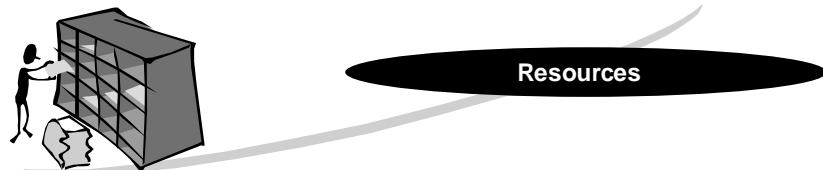


Try making a list of the learning preferences and constraints for each of your directors by using Resource 21 and 19.



Suggestions for discussion

- How would you check if your map of directors' preferences was accurate? How sensitive do you need to be in getting feedback on this?
- Does your map of preferences and constraints suggest any change to your priority list of skills and qualities?
- Can you design a development program that overcomes or works around at least some of the constraints and acknowledges the learners' preferences? How easy will that be?
- Do you have a calendar or schedule for the training of directors?



Consider the resources your co-operative has available to it to assist its directors to become more effective Board members.

Your co-operative's history is one such resource. It may be well documented in print or hidden away in files, people's memories and storeroom clutter. Getting a handle on your history offers a variety of learning tools such as:

- "what if" scenarios and hypotheticals for discussion and reflection, and
- timelines highlighting good reasons for birthday parties, centenary celebrations or celebrations of major milestones.

Other resources might include:

- publications, including newsletters for directors or members, manuals designed for staff or material in your library,

- inhouse or readily available experts,
- affordable meeting rooms,
- a range of willing mentors,
- accessible information systems, including websites relevant to co-operatives,
- your co-operative's calendar of events including planned attendance at a variety of conferences and meetings, and staff training programs
- membership of the Co-operative Federation of Victoria and various industry and professional bodies and community associations,
- addresses of co-operatives and other organisations you would like to visit and learn from including local papers, radio stations and TV station,
- potential partnership or auspicing arrangements with other interested in the same or complementary training and education goals,
- some money in the budget, that could be allocated to training directors,
- eligibility for grant and scholarships such as Churchill fellowships, and
- your own collective wisdom.



Try listing your co-operative's current learning resources

Case study

Case study 22

“CPS registered as a foreign co-operative in South Australia and assisted in the formation of a South Australian Co-operative, established to service local government in that State, with the extension of its contracts to their members.”



Suggestions for discussion

- Is learning by doing or “learn-as-you go” a viable option? What support or mentoring mechanisms might be required?
- Does your co-operative need to gather, review and share material on development of its directors? If so, how should this be organised?
- Do new directors have access to a document setting out the current policies of your co-operative, thus enabling the new director to function effectively in the shortest time possible? How often would such a document need updating?

Picking development paths

Having identified essential and desirable competencies, starting points and learning preferences. It's time to look at ways to gain and sustain the competencies. Consider the options listed in the table below and which best met your co-operative's needs and which pose problems.

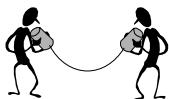
| Item | Comments |
|--|---|
| Accredited university and TAFE courses | Full courses (certificate to post graduate) and short courses or single units may be offered via campus attendance, distance education or block release mode. |
| Short commercial or other training courses | <p>Offer standard rather than a tailored approaches</p> <p>May run on demand or only on schedule</p> <p>Directors could be given the chance to opt in on relevant staff training sessions (e.g. on media training or use of phone facilities such as 3-way chat, message bank, group faxing, web site searching and email use or virus checking).</p> |
| The learning circle approach | <p>Use an approach similar to this one – either DIY or with a facilitator and material from elsewhere.</p> <p>Could be an adjunct to Board or committee meetings.</p> |
| Membership of organisations | The Co-operative Federation of Victoria, professional organisations, industry associations, enthusiasts organisations and community groups offer ways to learn. |
| Conferences and seminars | Professional organisations, government agencies, business and industry associations, enthusiasts organisations, community groups and commercial bodies organise these or you can do your own. |
| Journal and magazine subscriptions | Journals of professional organisations, business and industry associations, enthusiasts organisations and commercial magazines offer ways to learn, so does your own newsletter. |
| Site visits and study tours | Either DIY or in groups. Could be funded by service club schemes, scholarships or even Churchill Fellowships. |
| Private tutoring | Face to face or over the phone or internet – but you need to find a suitable tutor to address your needs and your issues. |
| Mentoring | A skilled mentor guides others to develop certain knowledge, skills and qualities. A mentor could support new directors as part of a support and induction program, helping them master background knowledge, extract key data, use available information and resources, become more aware of key issues and the responsibilities of service. |

| Item | Comments |
|---|---|
| Shadowing | A “shadow” follows some one and observes their work, only asking questions in private. |
| Board meetings | Experts can be invited to give presentations. Staff can be randomly assigned to attend meetings, be introduced to the directors and brief the Board on the scope and significance of that staff member’s work. |
| Your Board’s knowledge sharing workshops | A workshop, so your directors can learn from each other – preferably well away from all the normal distractions. |
| Your co-op’s knowledge sharing workshops | A workshop, so any directors, member and staff can learn from each other – preferably well away from all the normal distractions. |
| Your co-op’s Directors Day | A special day set aside for directors to tour the co-operative operations as a group, see staff at their work, attend presentation by staff on their work, eat and drink with staff and entertain staff. |
| Your co-op’s Open Days & celebrity visits | <p>Both give directors a chance to see their organisation from the visitor’s viewpoint, learn from the questions asked and the visitor’s point of interest.</p> <p>Open days are for the public. Celebrities could include the mayor, MPs, representatives of funding bodies, government institutions and educational institutions, visiting dignitaries from Australia and overseas, sporting heroes, your accountant, banker, major suppliers, major customers and long-term members.</p> <p>Each director could be required/encouraged to host at least 1 celebrity visit a year. Directors/members and staff could collaborate to devise a list of desirable visitors .</p> |
| Learning on your own from books, audiotapes & videos and the internet | Access to a well stocked library in your town, school, TAFE or university or environment centre could help here, so could a reading list compiled by a suitable adviser. |
| Using simulations | This could range from card games and board games (see Resource 8) to interactive computer programs to role-plays. |
| Reflecting on experience, including day to day work and projects | Could involve keeping a journal in writing or on tape or using a buddy or “critical friend” for phone, e-mail or face-to-face conversations and debriefings. |

| Item | Comments |
|--|---|
| DIY research or experiments | A grant, client or sponsor may pay for the research you want to conduct (e.g. survey of members, markets, clients, staff). Alternatively, you might be able to interest a university student in a research project (e.g. working through historical record of your co-operative, perhaps as a condition of donating records to a community archive). |
| Commissioning research and project work | The Board could commission its own research and projects, if it can develop an adequate brief and find a suitable researcher. Consider providing student scholarships for work over the summer vacation. |
| Deliberately practising new skills and qualities | Could involve keeping a journal or giving demonstrations or guided tours of the co-operative's operations or presentation on the co-operative or providing staff or member training |
| Seeking advice, support and other assistance from friends and colleagues | May or may not involve payment. Consider the possibility of barter or arrangements based on partnership or mutuality. |



Consider referring to Resources 18 and 19



Suggestions for discussion

General

- Are any of the pathways listed not available for you? Or irrelevant?
- Which pathways make best use of your co-operative's leaning resources?
- Can you add more options to the list of pathways?
- Can you assess the advantages and disadvantage of each option available to you? Can you assess the resources required for each option?
- What value does attending conference, training session and liaising with other co-operatives play? What effect does this have on competition?

Group issues

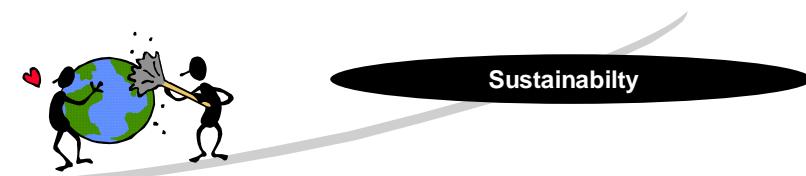
- Who in your co-operative or its networks could act as tutors, mentors, buddies or “critical friends”?
- How might your Board handle a “maverick” director who insists on doing “my own thing”?

Investing in education

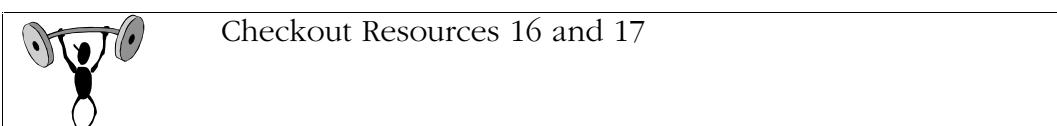
- What is the timeframe, costs and benefits for the different pathways? Which offer the most fun and side benefits?
- Should directors contribute personally to the cost of their training or should all costs be borne by the co-operative? Is a blended approach viable?
- What investment of time, money or other resources is required to develop or acquire the desirable skills? Do you need to know this up-front?
- Can directors earn Professional Development accreditation points by attending training courses?

Induction & successor training

- What sort of induction program could be provided to each new director?
- What roles should current and past directors take in preparing their successors?
- Will a training program for potential directors interfere with the democratic operation of your co-operative?



Having looked at the range of development pathways, it's time to review the issue of sustainability and the skills it requires. They go beyond planning skills to issues of implementation, support, monitoring and evaluation.



How

- How much will your development program help your Board plan to stay fresh, and committed and effective and efficient at its tasks?
- How much will your development program help reduce excessive reliance on a few key people?

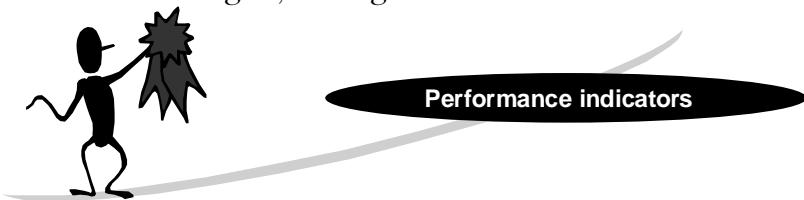
What

- Will the development program equip your Board to undertake a risk audit or a disaster recovery plan? Should it?
- Will the development program help prevent your co-op operating in reactive mode?

- Do you need to run a program for developing members or staff in parallel with the program for developing directors? What would be the content of the members or staff programs?
- Are grants or other assistance available for director development and training? Are they one-off or available on a continuing basis?

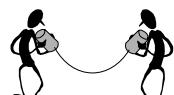
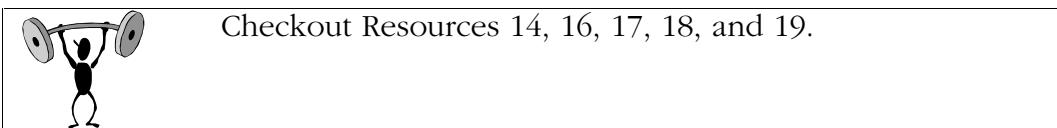
Why

- Is developing directors a business priority?
- What's the use of development unless the director's role remains meaningful, manageable and attractive?



Performance indicators are signposts that can help the Board decide whether it is moving closer to its objectives or further from them and how wisely it is using resources.

They also offer an early warning system enabling preventive action to head off potential crises and minimise risks. They also promote feedback and learning.



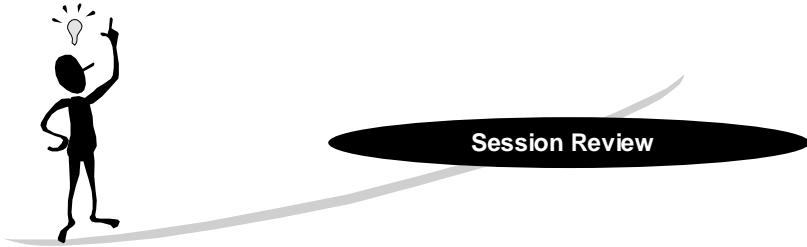
Suggestions for discussion

General

- How will you know if your development program is working or if it is going in the right direction?
- How can you ensure minimum standards are met for basic and desirable competencies?

Indicator options

- Would giving potential directors statements of required responsibilities and competencies of directors be a sign of progress?
- Is formal recognition of competencies a good indicator of performance?
- Is peer recognition of competencies a good indicator of performance?
- Are your Directors sought after as members of other boards?
- Are other co-operatives, or other people, wanting to join your development program, and is this a sign of progress? How would they learn about your program? How much publicity might be helpful?



Now that you have completed the last session for this program, it's time to review what you have done.

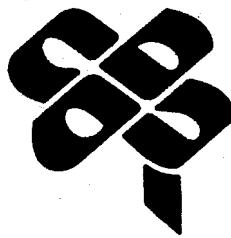


Suggestions for discussion

- What did you like or dislike about this session as a learning process?
- Did you make any decisions about developing your co-operative's directors or draw any interesting conclusions from this session's discussion?
- How much progress do you think you have made toward the initial expected program outcomes?
- Are these anticipated outcomes still important to you or are you now expecting different outcomes? Why?

What's next

- Are there issues or questions arising from this session that you would like to discuss further? Do you need any further meetings about developing directors? Can you agree on a time and a place for those meetings?
- Do you need to present the findings of this group to the full Board or your co-operative's membership? How will you do this?
- Can you provide feedback ASAP to this program's developers by using the feedback and evaluation forms?



Co-opAdvantage

Developing Directors of Co-operatives

Resource Book

A learning circle product developed by
Active Learning & Communication Co-operative Limited for the
Co-operative Federation of Victoria Ltd

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Resource 1 Indicators of a well-informed board

Mark the boxes that apply to your own Board.

| How well do you know your operating environment? | No idea | Some idea | Clear idea |
|--|---------|-----------|------------|
| How well do your Board members know their way around your co-operative's rules and the Act? | | | |
| What does the scale of penalties in the Act indicate? | | | |
| Where would your Board seek advice on the interpretation of the Act? From your own lawyer or from the Registry of Co-operatives, Co-operative Federation of Victoria Ltd or some other source? | | | |
| How familiar is your Board with co-operative principles? | | | |
| How do co-operative principles and values apply to your co-operative? | | | |
| How effectively are these principles applied within your own co-operative? | | | |
| How does the co-operative business structure compare to other business structures? | | | |

| How well do you know your members? | No idea | Some idea | Clear idea |
|--|---------|-----------|------------|
| When and why did your co-operative form? | | | |
| How many members do you have? How many of them are active members? | | | |
| What are the top 5 member expectations of your co-operative? | | | |
| What do members rate as the top 5 benefits they derive from being part of your co-operative? | | | |
| How are members assessing whether your co-operative is doing the right things well enough and effectively addressing their expectations? | | | |
| What do members expect of your Board? What might they be satisfied with? | | | |
| Is there a risk that members might pass a vote of "no confidence" in the Board or demand that Board members resign? | | | |
| How satisfied are your members with the co-operative and its Board? Why do people join and leave? | | | |
| What is the age profile of your membership, and the recruitment rate? | | | |

| How well do you know your markets? | No idea | Some idea | Clear idea |
|--|---------|-----------|------------|
| (A) General | | | |
| What markets would your co-operative like to occupy? | | | |
| What are members' expectations regarding markets? Are these realistic? | | | |
| Does your co-operative have or need a marketing plan? | | | |
| Who or what are the most significant competitors/barriers to success? | | | |
| How does the co-operative evaluate its competitors? | | | |
| What has the co-operative identified as its competitive advantage? Is being a co-operative a plus in your markets? | | | |
| How many markets is your co-operative in? | | | |

| How well do you know your markets? | No idea | Some idea | Clear idea |
|---|----------------|------------------|-------------------|
| What goods and services are you marketing? Who are your customers? | | | |
| With which segments of the market and which products and service does your co-operative have most success? | | | |
| How stable are your main markets? Are they declining or dying? What demands are they making on co-operative resources (time, money, other)? | | | |
| Are new markets needed? Why and when? What about the Internet, e-commerce and exports? | | | |
| (B) Clients | | | |
| What benefits do clients derive from your co-operative? | | | |
| What are clients' expectations of dealing with your co-operative? | | | |
| Do your customers have the right to find out who makes all the products you sell? How easy should you make access to this information? | | | |
| Do you know who your 5 best customers are? | | | |
| Do you encourage clients to join the co-operative? Why or why not? | | | |
| How much of your trade is with members? Do you encourage members to become clients? | | | |
| Do you do exit interviews with clients and members? | | | |
| What is your client turnover rate? What does this mean? | | | |
| Do you survey client/member satisfaction? | | | |
| How satisfied are your clients with the co-operative? | | | |
| (C) Suppliers | | | |
| Should your co-operative trade in or use products: | | | |
| ◆ considered environmentally harmful or undesirable? | | | |
| ◆ that involve ill-treatment of animals? | | | |
| ◆ tested on animals? | | | |
| ◆ manufactured in countries where workers are not working in reasonable conditions or receiving a fair reward for their efforts? | | | |
| ◆ from countries with a poor human rights record? | | | |
| ◆ with non-biodegradeable packaging? | | | |
| What is your supplier turnover rate? What does this mean? | | | |
| How extensive is your training program for suppliers? What impact does this have on your quality assurance processes? | | | |
| Do you know who your co-operative's 5 main suppliers are? | | | |
| How satisfied are your suppliers with the co-operative? | | | |
| Do you encourage suppliers to become members/clients of the co-operative? Why or why not? | | | |
| Do you survey supplier satisfaction? | | | |
| Do you do exit interviews with suppliers? | | | |
| Do you encourage and reward and implement supplier suggestions? | | | |
| How does your Board show suppliers that you understand and appreciate their work? | | | |

| Do you know about your management and workforce? | No idea | Some idea | Clear idea |
|---|----------------|------------------|-------------------|
| How well does your Board currently work with the co-operative's management and workforce? | | | |
| What is your staff turnover rate? What does this indicate? | | | |
| What are your co-operative's business critical systems? | | | |
| What is your co-operative's business critical information? | | | |
| Who are your co-operative's key people? | | | |
| How satisfied are your management and workforce? | | | |
| Where do you draw the boundary between directing and managing? | | | |
| How do you help the manager and staff cultivate the art of co-operating? | | | |
| How much does your Board need to know about the staff and vice versa? | | | |
| Do you encourage staff to join the co-operative? Why or why not? | | | |
| Do you recruit staff from members, clients, and community? | | | |
| Do you survey staff satisfaction? | | | |
| Do you do exit interviews? | | | |
| Do you encourage and reward and implement staff suggestions? | | | |
| How does your board show staff that you understand and appreciate their work? | | | |
| How extensive is your training program for staff? Are staff trained to give the same or different service to directors, members, and clients? | | | |

Resource 2 Roadmapping co-op laws, regs & rules

Part A Roadmapping the Co-operatives Act

Get a copy of the Co-operatives Act and look at its structure and size. Read the names of the parts and divisions and count the number of clauses each contains.

Take a look and see if any of the content surprises you.

Identify the range of penalties prescribed.

Identify the activities that incur penalties.

Compare the Act with your co-operative's rules – in terms of size, structure and content.

Consider:

How much of the Act deals with normal operation and how much with “one-off” situations or “bad news or “crisis situations”?

What would you add to the list of crisis situations for a co-operative?

Now consider.

Which parts of the Act, regulations and rules are likely to remain irrelevant to your co-operative?

Which sections do you consider most relevant to:

- setting out the responsibilities of the registration for co-operatives?
- setting out the responsibilities of the Board of Directors?
- setting out the responsibilities of the Chairman?
- setting out the responsibilities of the co-op's auditor?
- organising the co-op's banking and accounting systems?
- the normal day to day operation of your co-operative?
- special co-operative events – formation, AGMs, polls?
- annual reports and business plans?
- managing disputes?
- explaining what to do when things go seriously wrong?

Where in the rules or Act would you look for guidance on how to:

- Identify and manage possible conflicts of interest?
- Assess the implications of your being a member or director of the co-operative for your spouse, employees, associates and any of your other business(es)?
- Resolve disputes with members and clients?
- Handle any situation where the co-operative cannot pay its bills?
- Manage the end of the co-operative's life?
- Manage any employees of the co-operative?

According to the Act and your co-op's rules, what benefits can your co-op offer directors?

Part B Roadmapping the Co-operatives regulations

Get a copy of the Co-operatives regulations and look at its structure and size.

Read the names of the parts and divisions and count the number of clauses each contains.

Take a look and see if any of the content surprises you.

Compare the Co-operatives regulations with the Co-operatives Act and your co-operative's rules – in terms of size, structure and content.

Consider:

How much of the Regulations deals with normal operation and how much with “one-off” situations or “bad news or “ crisis situations?

What would you add to the list of crisis situations for a co-operative?

Resource 3 Checklist for co-operative values & principles

Use the checklist below to see how your co-operatives fits with the *Statement of Co-operative Identity* adopted at the 1995 General Assembly of the International Co-operative Alliance (ICA).

By the way, the ICA has defined a co-operative as an “autonomous association of persons voluntarily united to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”.

Co-operatives are based on the value of self-help, self-responsibility, democracy equality and solidarity. In the traditions of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Part A Co-operative values checklist

Mark the boxes that apply to your co-operative.

| Co-operative values | Value shown in co-operative rules or normal operations | Value your co-operative members expect to be upheld |
|---------------------------------|--|---|
| caring for others | | |
| democracy | | |
| equality | | |
| equity | | |
| honesty | | |
| openness | | |
| self-help | | |
| self-responsibility | | |
| social responsibility | | |
| solidarity | | |
| the tradition of their founders | | |

How would you go about identifying the values in your co-operative's rules and operations? If you have identified values as shown in your co-operative's rules or normal operations, specify in what way these values are shown. If you do not think the values are shown in the rules or normal operations, then, discuss why not. What would change if your co-operative's Board, members and staff really understood and applied these values? What would your clients, suppliers and community notice?

Part B Co-operative principles checklist

Since co-operative principles are the guidelines by which co-operatives put their values into practice, use the checklist of internationally recognised co-operative principles below to clarify the values your co-operative is actively promoting.

Mark the boxes that apply to your co-operative – identifying the specific rules or operations:

| Principle | The principle in detail | Shown in co-operative rules or normal operations |
|--|---|---|
| 1 Voluntary and open membership | Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination | |
| 2 Democratic member control | Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels (e.g. co-operatives of co-operatives) are also organised in a democratic manner | |
| 3 Member economic participation | Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital shares subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership. | |
| 4 Autonomy and independence | Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy. | |
| 5 Education, training and information | Co-operatives provide education and training for their members, elected representatives, managers and employees, so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation | |
| 6 Co-operation among co-operatives | Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures | |
| 7 Concern for the community | While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by members | |

Resource 4 An initial resource list

The resources listed below are linked to the sessions. They include:

organisations you might like to contact,
sources of printed publications, and
websites on the Internet.

Your local library should be able to help you track down material about:

co-operatives which have operated in your area,
the co-operative movement,
business ethics and corporate governance,
organisational learning, and
education and training programs available in your area

(including distance education, the Open University and learning facilities
on the Internet).

Your local library can also advise on a range of other useful starting points
including:

- *Co-operative management and administration*, International Labour Office, 1988
- *Co-operatives Act 199 (VIC.)*, Anstat Pty Ltd
- Davis, Dr. Peter *Managing the Cooperative Difference: A survey of the application of modern management practices in the co-operative context*, Cooperative Branch, International Labour Office, 1999
- Davis, Dr Peter and Donaldson, John *Co-operative Management: A Philosophy for Business*, New Harmony Press, 1998
- Lewis, G. 1992. *A Middle Way: Rochdale Cooperatives in New South Wales 1859-1986* Brolga Press, Canberra.
- Lyons, Mark *Third Sector: The contribution of nonprofit and cooperative enterprise in Australia*, Allen & Unwin, 2001
- Office of Fair Trading & Business Affairs Department of Justice Co-operatives Act 1996 (VICT.) *Model Rules of A Non-Trading Co-operative No Shares*
- Office of Fair Trading & Business Affairs Department of Justice Co-operatives Act 1996 (VICT.) *Model Rules of A Non-Trading Co-operative With Shares*
- Office of Fair Trading & Business Affairs Department of Justice Co-operatives Act 1996 (VICT.) *Model Rules of Trading Co-operative*
- Office of Fair Trading & Business Affairs Department of Justice Co-operatives Act 1996 (VICT.) *Guide to forming & running a co-operative*
- Renton, N.E. *Guide For Meetings and Organisations Volume 1 Voluntary Associations and Volume 2 Meetings*, The Law Book Company Limited, 1994
- *Report of the Special Workshop on the ICA Co-operative Identity Statement – From Theory to Practice*, International Co-operative Alliance, Regional Office for Asia & the Pacific, 1997
- Senge, P. 1990. *The Fifth Discipline. The Art and Practice of the Learning Organisation*. Random House.

Another useful starting point is *National Co-op Update* National Co-op Update is published by Words in Time. National Co-op Update keeps you in touch with the diverse industries, issues and developments which are shaping co-operatives and co-operators. Inquiries: Words in Time, PO Box 351, North Melbourne VIC 3051 Tele: 03 9329 3535

Resources to explore or contact - general

Media coverage, histories and annual reports of other co-operatives, credit unions, mutual societies, associations and clubs, charities and other not-for-profit organisations. For instance, the ABC site <http://abc.net.au>

Familiar Australian and overseas co-operatives and any Board members manual/web site, which provides access to rules and procedures and minutes of Board meetings and press releases. For instance, the University Co-op bookshop <http://www.coop-bookshop> and the CWS co-operative in the UK <http://www.co-op.co.uk>

Australian educational institution and training bodies, including schemes for recognition of prior learning

Australian Legal Institute (AustLII) <http://www.austlii.edu.au>
(download co-operatives legislation and regulations and research court cases involving co-operatives)

Standards Australia <http://www.standards.org.au>
Victorian Registry of Co-operatives

Resources to explore or contact – Co-operative Federation of Victoria Ltd

Co-opSpeak – the co-operator's speakers panel. Co-opSpeak is a panel of co-operators who can speak on co-operation and co-operatives. Users of Co-opSpeak could include educational institutions, small business, community agencies, government departments and agencies, consultants, accountants and lawyers. Issues that could be addressed by speakers include co-operative formation decisions and processes, the benefits and limits of co-operation, co-operative case studies and different co-operative models. The cost is subject to arrangement and depends on the needs and capacity of organisations and groups wishing to engage Co-opSpeak.

Co-opDoc – by arrangement with Co-operative Energy Ltd it is possible to access a database of publications on co-operative development and issues. There are currently more than 10,000 records in the database. The database is searchable and could be searched by co-operative type, issue and/or location (country, state, town) e.g. the number of records on Australia and worker co-operatives and the number of records on women and co-operatives. The cost of accessing the database is dependent on whether or not co-operatives are members of the Co-operative Federation of Victoria Ltd, the complexity of the search, the time necessary for the search, the number of records involved and whether or not a printed copy of the records is required.

Co-opPub – the following co-operative publications are also available
Charles, Graeme and Griffiths, David *The Formation Decision*, Co-operative Federation of Victoria Ltd, 2001

Charles, Graeme and Griffiths, David *The Formation Process*, Co-operative Federation of Victoria Ltd, 2001

Egerstrom, Lee *Make No Small Plans: A Cooperative Revival for Rural America*, Lone Oak Press Ltd, 1994

Griffiths, David *Group Buying Power: Energy co-operatives empowering small consumers*, Co-operative Energy Ltd, July 2000

Griffiths, David *New Government New Direction New Energy: Empowering individuals and their communities through co-operation – mutuality instead of dependence and subservience*, Co-operative Energy Ltd, July 2000

Nadeau, E.G. and Thompson, David J *Cooperation Works! How people are using cooperative action to rebuild communities and revitalise the economy*, Lone Oak Press Ltd, 1996

Parnell, Edgar *Reinventing Co-operation the challenge of the 21st century*, Plunkett Foundation, 1999

Resources to explore or contact**- International & overseas bodies for co-operatives**

ACCORD <http://www.cooperativesonline>

CCA (Canadian Co-operative Association) <http://www.copcca.com>

Centre for the Study of Co-operatives http://www.coop_studies.usak.ca

Co-operative Secretariat <http://aceis.agr.ca.policy/coop>

Co-operative Information Superhighway <http://www.coop.org>

COPAC (Committee for the Promotion and Advancement of Cooperatives)

<http://www.copacvga.org>

International Co-operative Alliance <http://www.coop.org/>

International Cooperative Information Center

<http://www.wisc.edu/uwcc/icic>

International Labour Office

ILO Coop branch

<http://www.ilo.org/public/english/employment/ent/coop>

National Society of Accountants for cooperatives

<http://www.nsacoop.org>

New Zealand Co-operatives Association <http://www.nzco-ops.org.nz>

Plunkett Foundation www.co-op.co.uk/ukcm/plunkett

SCC Swedish Cooperative Centre <http://www.utangranser.swecoop.se>

UK co-operatives <http://www.co-operative.s.net>

UK Co-operative College <http://www.co-op.ac.uk>

(offers a range of courses relating to directing a co-operative)

UK co-operative directory <http://www.co-opdirectory.co.uk>

US Department of Agriculture Rural Development service

<http://www.rurdev.usda.gov>

(marvellous set of publications on many aspects of co-operatives
downloadable in Adobe Acrobat format)

WOCCU (World Council of Credit Unions) <http://www.woccu.org>

Resources to explore or contact**- Ethics and management resources**

The Ethics Information Centre <http://www.gaiafriends.com>

International Business Ethics institute <http://www.business-ethics.org>

Business for Social Responsibility <http://www.bsr.org>

Ethics on the Net <http://www.depaul.edu/ethics>

Environmental Ethics <http://www.cep.unt.edu>

Centre for Applied Ethics <http://www.ethics.ubc.ca>

Australian Association for Professional and Applied Ethics (AAPAE)

<http://www.arts.unsw.edu.au/aapae>

Australian Business Ethics Network <http://www.bf.rmit.edu.au/Aben>

Corporate Ethos <http://www.corporate-ethos.com.au>

Resource 5 Co-operative history

| Event | Australian | Overseas |
|---|---|---|
| Late 18 th – early 18 th century Consumer, insurance and banking co-operatives are established in Scotland, the USA. and Germany | |  |
| 1844 The Rochdale Equitable Pioneers Society opened their first store selling pure, unadulterated food at fair prices based on honest weights and measures. They set the pattern for consumer co-operatives throughout the world | |  |
| 1852 UK <i>Industrial and Provident Societies Act</i> fully recognises co-operatives | |  |
| 1859 first Rochdale-type co-operative store in Australia opens in Brisbane |  | |
| 1860 Federal Co-operative Association formed in Australia |  | |
| 1863 Rochdale Pioneer “model rules” published defining the initial set of co-operative principles | |  |
| 1867 First Agricultural co-op registered in the UK | |  |
| 1869 First modern co-operative congress in the UK. Founding of UK co-operative union | |  |
| Late 1870 idea of co-operative spreads from dairy farmers on the NSW south coast to other Australian colonies and primary industries |  | |
| 1883 Women's Co-operative Guild formed in UK | |  |
| 1890 Federal Co-operative Association held a Co-operative Australia conference to enlist support for a “people’s bank” |  | |
| 1895 Inaugural congress of the International Co-operative Alliance (ICA) | |  |
| 1896 Delegates from the Co-operative Wholesale Society (CWS) of Manchester UK promoted formation of an alliance between British co-operative manufacturers and Australian co-operative primary producers |  |  |
| 1903 Western Australia's Co-operative and Provident Societies Act |  | |
| 1918 the Australian Producers Co-operative Wholesale Federation (APCWF) was formed to handle trade with the British CWS. |  |  |
| 1919 Co-operative College founded in the UK Plunkett Foundation setup to promote self-help enterprise and people-centred business | |  |
| 1920 First Australian Co-operative Congress was convened and explored linkages with the International Co-operative Alliance |  |  |
| 1927 ICA celebrated its first International Co-operatives Day Plunkett Foundation publishes its first annual anthology of international co-operative expertise | |  |
| 1923 Queensland Primary Producers Co-operative Associations Act |  | |

| Event | Australian | Overseas |
|--|------------|----------|
| 1928 Tasmanian Co-operative Industrial Societies Act | 🏆 | |
| 1931 ICA set up special committee to investigate and define co-operative principles | | 🌐 |
| 1934 &1937 ICA conference review committee findings on co-operative principles and consider 4 essential for any bona fide co-operative | | 🌐 |
| 1939 ACT Co-operative Societies Act | 🏆 | |
| 1943 Western Australia's Company (Co-operative) Act | 🏆 | |
| 1943 The Mondragon Group forms in Spain. It goes on to become one of the world's most successful and well-known co-operative enterprises and a model for others | | 🌐 |
| 1948 Beginning of YCW Co-operative Movement in Victoria with formation of YCW Trading Co-operative | 🏆 | |
| 1949 Establishment of St.Mary's Co-operative Settlement Society in West Gippsland. | 🏆 | |
| 1954 Victoria Co-operation Act | 🏆 | |
| 1957 Victoria establishment of Association of Catholic Co-operative Credit Societies | 🏆 | |
| 1961 Victoria Establishment of Co-operative Development Society by Association of Catholic Co-operative Credit Societies | 🏆 | |
| 1963 &1966 ICA conference sets up a commission to investigate how co-operative principle were put into practice | | 🌐 |
| 1965 Rochdale Pioneers introduce the UK's first discount store | | 🌐 |
| 1966 Formation of Victorian Credit Co-operative Association | 🏆 | |
| 1966 ILO conference adopt resolution on the role of co-operatives in developing countries | | 🌐 |
| 1970 Victoria unincorporated Co-operative Federation of Victoria established | 🏆 | |
| 1980 Northern Territory Co-operative Societies Act | 🏆 | |
| 1983 Co-operative Federation of Victoria Ltd is incorporated | 🏆 | |
| 1983 South Australian Co-operatives Act | 🏆 | |
| 1986 Queensland Co-operative and Other Societies Act | 🏆 | |
| 1987 UK Institute of Co-operative Directors formed | | 🌐 |
| 1991 South Australian Co-operative and Community Housing Act | 🏆 | |
| 1992 NSW Co-operatives Act | 🏆 | |

| Event | Australian | Overseas |
|---|---|---|
| 1992 Worldwide about 700 million individuals and/or households are members of co-operatives | |  |
| 1993 2,366 co-operatives existed in Australia controlling assets estimated at \$5.4 billion in 1992/93 Of Australia's top 500 exporters for 1993/4, 19 were co-operatives |  | |
| 1993 Code of best practice developed for UK co-operatives | |  |
| 1995 ICA centenary congress revises co-operative principles and values statement First UN International Day of Co-operatives held on July 1 | |  |
| 1996 Core consistent provisions in co-operatives legislation in Victoria |  | |
| 1997 core consistent provisions in co-operatives legislation in NSW, NT, Queensland, and South Australia |  | |
| 1998 COPAC (Committee for Promotion and Advancement of Cooperatives) finalise UN guidelines aimed at creating a supportive environment for the development of co-operatives | |  |
| 2001 UK Co-operative Commission report, The Co-operative Advantage: Creating a successful family of Co-operative businesses | |  |

Consider

- ◆ What is missing here? What could be added/deleted or changed? Why?
- ◆ What would a plot of co-operative numbers or members look like over time, for all co-operatives?
- ◆ What would a plot of members of your co-operative look like over time?

Plot your own co-operative's timeline.

Resource 6 Business structures

Part A general

| Structure | Advantages | Disadvantages |
|--------------------------|--|---|
| Sole trader | 1 person reaps all the rewards | 1 person has all the responsibility Cost of advertising and promotion can be draining and push up pricing |
| Partnership | Pool skills and resources Shared responsibilities | Shared rewards for partners Requires some teamwork Treated as separate individuals or tax purposes |
| Incorporated Association | Pool skills and resources Shared responsibilities | May be limitations on ability to trade |
| Company | Pool skills and resources Shared responsibilities Capital-driven Clear profit-making commitment Discipline of investor shareholders | Investor owned Voting by financial interest Shared rewards for shareholders Board members are often paid executives Structure can be autocratic Requires some teamwork Classically the main responsibility is to share holders |
| Co-operative | Structure reflected in aims to serve its members both in business and the use it makes of its surplus Committed to defined values and principles Democratic control - 1 member 1 vote Board members are elected members, & often unpaid Owned by users of services Shared responsibilities Shared cost & overheads | Shared rewards for members Democratic structure may delay decision-making process Large users may want greater control and rewards for themselves. Financial institutions and business advisers are often unsympathetic to co-operatives |

What is missing here? What could be added/deleted /changed? Why?

Part B Company VS Co-operative

| | Company | Co-operative |
|------------------------------------|--|--|
| The enterprise is primarily a | Grouping of capital | Formation of people |
| Owned | Investor-owned | Member-owned |
| Operated by | Entrepreneurs | User/members |
| Exists to | Attract and serve customers | Serve the members |
| Controlled by | Shares - or a majority of shares | A majority of members |
| Distribution of profits or surplus | Distributed according to its Board's decisions | Retained within the co-operative or in the case of trading co-operative distributed to members on recommendations from the Board |

Resource 7 Responsibilities to the business & the members

Directors of co-operatives have responsibilities to their members and to the co-operative as a business enterprise. In the best of all possible worlds, there would be no conflict between these responsibilities. In the present world, the responsibilities frequently conflict.

In the table below, try to categorise the responsibilities as relating to the business, members or both and spot areas where interests of the business and the members may conflict. Mark the boxes relevant to your co-operative.

| Responsibility | Business | Members | Conflict potential |
|---|----------|---------|--------------------|
| Develop basic guidelines for control of the business activities of the co-operative | | | |
| Appoint, supervise and remove employees (This includes determining their pay and the description of their responsibilities) | | | |
| Call special meetings whenever necessary, or as per the rules on special meetings requested by members | | | |
| Approve general business arrangements such as entering contracts for distribution or supply of goods and services | | | |
| Settle arrangements for handling funds and designating the people who may sign cheques | | | |
| Borrow funds for any legal and approved purpose | | | |
| Ensure that an adequate system of book-keeping is maintained (i.e. that regular financial reports and audits are done and that a complete record of Board meetings is kept) in accordance with accounting standards | | | |
| Ensure that the co-operative establishes and maintains system of internal control and supervision and safe custody of appropriate documents | | | |
| Exercise prudent decision-making regarding the level of debt entered into | | | |
| Fulfil the director's duties of loyalty, honesty and good faith with respect to the Board and the co-operative | | | |
| Declare interest in any proposed contracts | | | |
| Serve to the best of the director's ability and capacity | | | |
| Represent the members' interests on an impartial basis | | | |
| Select good staff and oversee activities without undue interference | | | |
| Adopt policies and procedure along sound business lines (i.e. based on study and analysis of available facts and compatibility with the co-operative's objectives) | | | |
| Use adequate checks to make certain that employed staff and voluntary officers, the Manager, Secretary and Treasurer are conforming to policies adopted by the Board of Directors | | | |

| Responsibility | Business | Members | Conflict potential |
|---|-----------------|----------------|---------------------------|
| Study operating results in order to determine whether policies should be continued, changed or dropped | | | |
| Take active and energetic steps to keep members informed as to the organisation's activities and problems | | | |
| Take care to ensure that no individual member's private and confidential business is discussed | | | |
| Provide high-quality reliable serving making members' interests of first importance | | | |

Resource 8 SS Co-operative Enterprise game

Equipment

A2-size game board, game cards (over the page), something to serve as a ship token and a coin.

The Game rules

Aim is to earn as many brownie points and \$ and as few penalty points and jail terms as possible. Score for each game or round = \$ plus brownie points – (penalty points and months in jail)

One player must be appointed as Secretary-treasurer (who keeps track of key performance indicators e.g. money, membership, brownie points, penalties and the overall score) This player must keep records so that at any time in the game, other player can easily:

- check the calculations,
- trace the source of the money, brownie points and penalty points, and
- identify the number of current co-op members.

All play as one unit - all in the same boat, aboard the good ship Co-operative Enterprise.

The main circuit on the board represents normal operations of the co-operative. The squares inside the normal operation circuit represent special circumstances.

Game begins with the Co-operative Enterprise ship token in the formation meeting square Cards are shuffled and placed face down.

A toss of the coin determines how many spaces to move – 1 space for heads, 2 spaces for tails. Players take turns to toss the coin. Once into the normal operations circuit, play proceeds in a clockwise direction.

Instructions on the board or cards may move the ship to another square. When the ship token lands on **Pick a card**, a player takes the top card from the pack, follows the instructions and returns the card, face down to the bottom of the pack.

The “**Avoid Jail**” card however is retained until used. After being used, it is returned to the bottom of the pack. Since any situation involving the jailing of a Board member has the potential to bring the enterprise into disrepute, players must vote on whether to demand that the responsible directors resign.

Game can end any time after achieving registration, if players agree to hold a general meeting, pass a resolution to cease operation and wind up the co-operative.

Game must end once the Co-operative Enterprise arrives in the **wind up square**. Score should improve after each round, if your group is functioning as a learning organisation and has reasonable luck. Players may like to calculate a score for each round.

Triple bottom line cards (social environmental and financial)

Cut these out and shuffle them before starting the game)

| | | |
|---|---|--|
| Hire new accountant any time after the second financial year and collect \$5,000 Tax refund. | Co-op receives “getting started” grant matching its annual membership fees (This can only be used within 3 rounds of starting the game). | Co-op changes from non-trading to trading co-operative and now must return at least \$100 to each member in dividends (providing this leaves bank balance of at last zero) as it enters a new financial year. (No dividends are paid where this would send the bank balance below zero on passing into the new financial |
| Co-op decides to employ staff in the next financial year. This means that from the next financial year on, after paying wages, it nets 10% less per member each time it enters a new financial year. | If the co-operative is already employing staff, staff productivity increases. Collect \$5,000. | Move 3 times the normal number of spaces after your next toss of the coin. |
| Move 4 times the normal number of spaces after your next toss of the coin. | 2 co-op members die. If this reduces the membership numbers to zero, the co-operative is automatically wound up. If the reduced membership is between 1 and the number present at the formation meeting, players must find enough new members to reach the number present at the formation meeting within 5 tosses of the coin or wind up the co-operative. | Avoid jail and penalties. This card can be kept until you need the services of a really good lawyer. |
| Go to jail for 6 months. Do not pass into a new financial year, do not collect any \$. You have failed to observe the Act, regulations and the co-op’s rules and failed to brief a good lawyer to argue for mitigating circumstances. | Investments return \$5,000. | Send directors on training courses pay \$1,000 for each player. |

| | | |
|--|--|---|
| Go back 3 spaces. | Advance to new financial year and collect membership fees. | Co-op is written up as a case study in good environmental practice, collect 1,000 brownie points. |
| Collect \$500 for each member as result of a special levy. | Collect loan of \$10,000 from the bank. Repay \$1,500 each time the ship enters a new financial year. If this sends the \$ to zero or below move to wind up the co-operative. | Get temporary overdraft of \$5,000 from bank. If this cannot be repaid in 5 turns move to the wind up the co-op square. |
| Count the number of blue-eyed players on the boat to identify the number of new members. Collect \$500 per member for joining fees and from now on, collect an additional \$500 per member for each of these new members each time the ship enters a new financial year. | Count the number of left-handers in the boat to identify the number of members leaving the co-op. If the total membership falls below the number at the formation meeting, move to the "wind up the co-op" square Otherwise, reduce the amount collected each time the ship enters a new financial year by \$500 per lost member. | Secretary-Treasurer embezzles funds. Reduce the co-operative's \$ to zero, expel the Secretary-Treasurer from the Co-operative and appoint a new Secretary-Treasurer. Throw tails to move on. |
| Bank error in co-op's favour. Collect \$2000. | Co-op becomes confused about its vision and mission. Move back 5 spaces and then throw tails 3 times to move on. | Poor record keeping leads to breaches of the Act, collect 50 penalty points or spend 1 month in jail. |

| | | |
|---|---|---|
| <p>Co-operative's staff members have been accepting bribes for awarding contracts to certain local firms. Sack all staff, recruit replacements. Throw heads twice to move on.</p> | <p>50% of all members fail the active membership test and are expelled. Reduce the membership fees to be collected by half. If the total membership is reduced below the number at the formation meeting, move to wind up the co-operative.</p> | <p>Auditors have to be sacked. New auditors are appointed and take time to go through all the books, Move back 1 square and throw heads twice to move on.</p> |
| <p>Postal ballot was conducted incorrectly. Members challenge and the process must be redone correctly. Move back 2 spaces and throw tails twice to move on.</p> | <p>Co-operative wishes to open an office and do business in another state. Deduct \$500 for registration as a foreign co-operative in this financial year and a further \$500 in each subsequent financial year.</p> | <p>2 co-op members become bankrupt and therefore under the co-operative rules, must cease to be directors of the co-operative. Appoint replacement. Move back one space and throw heads twice to move on.</p> |
| <p>Angry members are requisitioning special general meetings each month to demand action on key issues by the Board. Throw heads then tails to move on.</p> | <p>Donation of \$10, 000 offered provided co-op can ensure this gift will be tax deductible. Obtain agreement of majority of player to adopt a particular course of action, then throw tails followed by heads to move on.</p> | <p>Loan required from members or external sources. Players must vote and agree on how to raise funds. After players arrive at majority decision, move back 1 space and throw heads twice to move on.</p> |
| <p>Co-op becomes a reference site for other organisations in its sector, collect 5,000 brownie points.</p> | <p>Co-op receives government grant of \$10,000 for education and research.</p> | <p>Co-op wins business award. Collect \$1000 and 1,000 brownie points.</p> |

Resource 9 Co-op dreams and nightmares

Drawing on your experience (and as necessary on your co-operative's rules and co-operatives legislation and regulations), can you explain:

- How your co-op rules relate to each of the following scenarios?
- Which scenarios pose ethical dilemmas outside the scope of any legislation, regulations and the co-operatives rules?
- Which involve legislation and regulations not specific to co-operatives?
- How you would go about resolving the problems posed in each scenarios?

| Scenario | Description |
|----------|---|
| 1 | The co-operative is competing with a company run by 2 co-operative members |
| 2 | Co-operative members use co-op material without acknowledgement in their company's publications |
| 3 | Co-operative members are working for a company competing with the co-operative |
| 4 | Co-operative members appear to be leaking information to competitors |
| 5 | Co-operative seems to have outlived its "use by" date |
| 6 | Most co-operative members can't pass the tests for active membership |
| 7 | No quick and amicable manner can be found to resolve conflicts between members |
| 8 | The co-operative has been operating at a loss and is not in position to pay its bills |
| 9 | The co-operative's information systems are destroyed by flood, fire or a computer virus |
| 10 | The co-operative is taken to court by its members, clients or competitors |
| 11 | Co-operative's operations are damaged by fraud, forgery, theft or terrorism |
| 12 | Co-operative's workplace become unsafe or unpleasant |
| 13 | Directors simultaneously suffer burnout |
| 14 | Whole Board has to be replaced in a single year due to resignation, illness, accidents |
| 15 | Membership suddenly declines |

Are there any other dreams or nightmare scenarios you would like to discuss?

Resource 10 Map your Board's performance

Use the checklist below to get an impression of how well the Board is working, start a needs analysis and help plan an appropriate training program for your directors. Mark the boxes that apply to your co-operative.

Knowledge

| Item | Description | Needs work | OK | Always good |
|------|--|------------|----|-------------|
| 1 | Directors have common well-developed understanding of the Board's role and responsibilities | | | |
| 2 | All directors demonstrate understanding of the co-operative's mission, product and programs | | | |
| 3 | Directors have no confusion about the co-operative's operating structure (Board, officers committees, staff) | | | |

Planning and policy-making

| Item | Description | Needs work | OK | Always good |
|------|---|------------|----|-------------|
| 4 | Thanks to relevant and realistic strategic planning, the Board has clear goals and actions | | | |
| 5 | Board focuses on policy and planning. It makes policy-related decisions which guide the co-operative's operational activities | | | |
| 6 | Board sets financial goals and acts to realise them | | | |
| 7 | Board approves comprehensive staffing policies (including job descriptions for the GM and other staff) and arranges for these to be professionally reviewed | | | |

Systems and processes

| Item | Description | Needs work | OK | Always good |
|------|---|------------|----|-------------|
| 8 | Board meetings facilitate focus and progress on important organisational matters. Meetings have written agendas and material relating to significant decisions are given to the Board well in advance of the meetings | | | |
| 9 | Board has an operations manual or at least documentation describing the Board and Board committee responsibilities. Perhaps even a written job description for individual Board members | | | |
| 10 | Any potential conflicts of interest are disclosed to the Board in accordance with the conflict-of-interest policy, which all directors have endorsed and signed | | | |
| 11 | The Board regularly reviews its bylaws and the co-operative's procedures | | | |
| 12 | The Board has an effective process for handling urgent matters between Board meetings | | | |
| 13 | Board has an annual calendar of meetings and other activities | | | |

Training and developing directors

| Item | Description | Needs work | OK | Always good |
|-------------|---|-------------------|-----------|--------------------|
| 14 | Board members receive regular training and information about their responsibilities | | | |
| 15 | New Board members are oriented to the co-operative principles, mission, rules, bylaw, policies and program as well as their roles and responsibilities as Board members | | | |

Board and stakeholders

| Item | Description | Needs work | OK | Always good |
|-------------|---|-------------------|-----------|--------------------|
| 16 | All directors feel involved and interested in the Board's work and feel that their contribution are acknowledged by the Board and the co-operative | | | |
| 17 | Board effectively represents the co-operative to members and the community | | | |
| 18 | The Board represents all necessary skills, stakeholders and diversity to accomplish the co-operative's mission and acts to sustain this diversity in its successors | | | |

Monitoring and Evaluation

| Item | Description | Needs work | OK | Always good |
|-------------|---|-------------------|-----------|--------------------|
| 19 | Board regularly monitors and evaluates progress towards strategic goals and product/program performance | | | |
| 20 | Board regularly acts to evaluate and develop the GM | | | |

Rate each item needing work as:

E for Essential,

R for Recommended, or

A for Adding this would strengthen the effectiveness of the Board and the co-operative.

Now, suggest ways the Board could increase its rating on the questions above.

Resource 11 Director's basic competencies?

A recent review (known as the Plunkett report) concluded that at least for UK co-operatives there were:

certain basic competencies (capabilities) that directors of co-operatives required to effectively perform the director's role, and other desirable qualities, which could improve the effectiveness of any co-operative director.

In the table below, tick the boxes to show which items you rate as basic competencies and which items you consider as desirable qualities. You can add extra boxes to represent items not already listed.

| Item | Basic competency | Desirable qualities |
|---|------------------|---------------------|
| A unequivocal understanding of the purpose and prime objectives of the co-operative which they serve as director | | |
| An understanding of the structure of the market in which the co-operative operates, as well as the key factors which are critical to its survival | | |
| An awareness of the legal and functional responsibilities of a director of that co-operative | | |
| The personal skills required to function effectively in the Boardroom | | |
| The ability to comprehend the financial and control information necessary for the management of the co-operative's business, including the key result areas and key result indicators for that co-operative | | |
| The ability to take an active role in the business-planning process and in monitoring progress against such plans | | |
| Leadership skills | | |
| Communications skills | | |
| An appreciation of the latest developments and trends within the relevant business area (e.g. e-commerce) | | |

Now consider:

- ◆ essential personal skills,
- ◆ legal, taxation, functional responsibilities,
- ◆ challenging and experts and advisers,
- ◆ risk identification and management,
- ◆ interpretation of financial and control information,
- ◆ familiarity with key result areas and key result indicators for other co-op business,
- ◆ the willingness to step outside yourself and consider what is best for your co-op as a whole,
- ◆ the art of listening and talking,
- ◆ confidence, teamwork, commitment, loyalty, integrity, vision, prudence,
- ◆ task-oriented skills like project management and analytical skills, and
- ◆ creating a wide network of potential leaders to take over from current board.

Having done that, think about how you could decide if your Board already had or used those competencies and qualities.

You may consider many of these items hard to measure or quantify. Would a survey of Board members or co-operative members help identify the Board's current competencies and qualities?

Resource 12 Begin a Job Description for Co-op Directors

Consider whether your co-operative could use the elements below as the basis of a job description, which your Board could provide to potential and current directors. A starter list of potential “must do” activities and desirable personal qualities are provided below to help you flesh out the empty boxes in the table.

| | |
|--|---|
| Title | Director |
| Accountable to | Members of the co-operative |
| Core Function | Within the framework of the co-operative's legislation, regulations, rules, by laws, policies, plans, principle and values, work with other directors to direct the affairs of the co-operative so that it acts effectively to achieve its objectives |
| Relationship to Members | provide leadership and accountability interpret and represent the views and needs of members |
| Relationship to other directors | work as part of the Board team act with any delegated authority outside Board meetings |
| Relationship to general manager | same as for any other director at Board meetings, same as any informed member outside board meeting |
| Staff | same as any informed member |

Responsibilities or “Must do” activities

(select from the list below or add your own)

| What | How |
|---|--|
| Establish goals and policies | Establish overall goal and policies for the direction of the co-operative |
| Participate in Board and committee meetings | Establish the Board's organisational structure including the role and authorise of committees and the appointment of committee members Attend or apologise for inability to attend Board meetings or committee meetings Review agenda and supporting material prior to Board or committee meetings Serve on committees and offer to take on special assignments Recommend changes to rules Provide policies and programs to maintain a well-informed, effective Board |
| Represent and support the co-operative | Communicate effectively with members Provide for effective communication and public relation service for the co-operative Provide for effective relations with other co-operatives Inform others about the organisation Comply with policies on confidentiality and conflicts of interest relating to co-op activities |
| Provide management & staffing framework | Determine the job description and salary range and for the general manager Appoint the general manager Appraise the performance of the general manager Approve the organisational structure and salary schedule for staff Approve the staffing policies and programs |
| Direct operations | Approve major plan and program and capital and operating budget and Assist the Board to manage its finances responsibly Assess progress towards goals and objectives Authorise change to the assets held Establish and administer controls and processes to protect members and creditors Where appropriate, recommend on payment of dividends to members |
| Maintain sufficient working knowledge of the operating environment, members markets, management and workforce | Use members' expectations to develop and manage co-operative business on behalf of the members Use co-operative principles to determine whether the co-operative is acting in accordance with these Use the Co-operatives Act and other relevant legislation (See Resource 2) to the co-op complies with legislation and regulatory requirements. Plus taking steps to be aware of legislative changes likely to affect this and other co-operatives Use the co-operative's rules, standing orders and other procedures to ensure co-op complies with its own rules and operational frameworks Use the market within which the co-operative operates and the co-operative's business plan to contribute to sound business decisions Understand the roles of the Chairman, Secretary, Treasurer, Assistant Treasurer and Auditor |
| Prepare for orderly succession | Be able to deputise for Chairman, or Secretary if required – whether by chairing Board meeting, committee meeting, authorising financial transactions, or representing the co-operative. Help identify and develop potential Board members Deal with membership applications |

Desirable personal characteristics

(select from the list below or add your own)

| Showing . . . | With respect to . . . |
|---|--|
| Willingness | asking questions taking responsibility following through on assignments opening doors in the community evaluating themselves developing and sustaining new skills required for Board work |
| Ability | analysing information thinking clearly and creatively listening and working with people individually listening and working with people within the group environment as a team player |
| Possession and cultivation of certain key characteristics : | commitment loyalty integrity vision prudence friendliness sensitivity tolerance patience, and a sense of humour |

Resource 13 DIY code of ethics

Adapt the Code below to your own situation,

A Possible Code of Ethics for a Co-operative

Our members' interests are paramount in our organisation. We deal equitably with all our members, recognising and respecting our members rights to:

- ◆ safety,
- ◆ information,
- ◆ choice, and
- ◆ a fair hearing.

Our code of ethical standards exists to protect and respect these rights and applies to all our co-operative's activities. We are committed to ensuring all our advertising, proposals, claims, information advice and statements are:

- ◆ honest and factual and demonstrate due regard for public decency and good taste, and
- ◆ provide enough relevant information and facts is provided to enable informed decision-making.

We avoid unfair exploitation in any form and refrain from persuading individuals to act in ways that are not in their best interests.

We make, encourage and support fair comparisons of our goods, services, philosophy and principles and practices with those of our competitors and other organisations

Resource 14 Planner's checklist

Planning and consultation processes aren't always as helpful as they could be. Often, that's because people haven't thought enough about the benefits to be gained by planning and consultation.

Assess your co-operative against the checklist below. Mark the boxes that apply to your co-operative.

Why plan? What benefits does your organisation seek through its planning processes?

| Item | Description | Never | Sometimes | Always |
|------|---|-------|-----------|--------|
| 1 | Help the organisation and staff focus work and set clear priorities | | | |
| 2 | Reduce the amount of time and resources spent on : <ul style="list-style-type: none"> ◆ issues that may not be appropriate or ◆ strategies that may be limited in their effectiveness | | | |
| 3 | Anticipate and prepare for changes that may result from <ul style="list-style-type: none"> ◆ New government policy (e.g. GST) or ◆ Changes in the external environment (e.g. increased competition in your traditional markets) | | | |
| 4 | Involve people who are responsible for implementing the plan to generate commitment to the organisation's work | | | |
| 5 | Provide a framework for monitoring how the organisation is going and evaluating results | | | |

What sorts of plans do you have or need?

| Item | Description | Have? | Need? |
|-------------------------------|---|-------|-------|
| Vision | <ul style="list-style-type: none"> ◆ Describes the overall purpose of an organisation's work ◆ Describes the belief of the organisation which relates Why it does What it does | | |
| Guiding principles and values | <ul style="list-style-type: none"> ◆ These principles may cover economic, social and ecological issues, human rights or organisational behavior such as consultation, co-operation and communication ◆ Agreement on guiding principles and values of the organisation (provides a strong base for its work) | | |
| Goal | A broad general statement of : <ul style="list-style-type: none"> ◆ what you want to accomplish, or ◆ the changes you hope to see long term, and ◆ who or what will be the focus of your efforts | | |

| Item | Description | Have? | Need? |
|-----------------|---|-------|-------|
| Objectives | <ul style="list-style-type: none"> ◆ A clear general statement of what you are trying to accomplish or the change you hope to see ◆ Help you decide if a particular strategy is likely to help or hinder your tasks | | |
| Strategic plan | <ul style="list-style-type: none"> ◆ Takes a long-term approach to the work of an organisation ◆ Describes the strategies needed to achieve long-term changes | | |
| Strategy | <ul style="list-style-type: none"> ◆ A series of activities or actions that help you reach your desired objectives | | |
| Project plan | <ul style="list-style-type: none"> ◆ Tends to focus on a single issue ◆ Is more likely to cover a short period of time (e.g. 1 day to say 3 years) ◆ Has more details about specific activities | | |
| Action plan | <ul style="list-style-type: none"> ◆ Details key activities and the order in which they should take place ◆ Shows how an objective can be achieved | | |
| Program plan | <ul style="list-style-type: none"> ◆ An action plan that covers activities you will implement to achieve your objectives | | |
| Management Plan | <ul style="list-style-type: none"> ◆ An action plan that sets out activities you need to undertake inside your organisation so you can implement your programs | | |
| Other plans | <ul style="list-style-type: none"> ◆ You describe them | | |

How do you decide organisational goals?

| Elements | Key questions | Never | Sometimes | Always |
|-----------------|---|--------------|------------------|---------------|
| Vision & focus | <ul style="list-style-type: none"> ◆ What changes do you want to see over the next 10 years? ◆ Why are those changes important? ◆ Who will be the focus of your efforts and why? | | | |
| Future trends | <ul style="list-style-type: none"> ◆ What future trends might affect the organisation or the problem and how? (Consider population changes, and mobility, social and economic trends or likely changes in technology or transport) ◆ What changes are anticipated in the area around where you are working? For example, are any changes to agricultural practices likely and what impact could they have? ◆ Are any changes in government policy likely to impact your organisation? In what way? Will the nature and level of the government services be different in the future and how will this impact you? ◆ How will the political, social and economic environment impact your plans? | | | |
| Relevant issues | <p>You may need to arrange:</p> <ul style="list-style-type: none"> ◆ a public meeting ◆ workshops or focus group ◆ consultation with stakeholders ◆ surveys of members ◆ a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis | | | |

What benefits does your organisation seek through its consultation processes?

Unless you make plans that only involve yourself, you'll need to consult other people to develop effective, implementable plans for your organisation.

Consultation takes time, but is critical to good decision making. The more that people are involved in plans that impact their lives and work, the more appropriate those decisions are and the more likely the decisions will be supported by the people concerned.

Mark the boxes that apply to your co-operative.

| Item | Description | Never | Sometimes | Always |
|-------------|--|--------------|------------------|---------------|
| 1 | Allow those impacted by decisions to provide information about their needs to decision-makers | | | |
| 2 | Enable those impacted by decisions to give opinions and ideas about possible solutions to problems or issues | | | |
| 3 | Provides people with information so they understand what is being planned | | | |
| 4 | Other benefits such as publicity for your organisation, the way it works and the decisions for which it holds responsibility | | | |

Setting priorities

Because there may be more issues than you can deal with, you need to set priorities.

Ask yourself if you know the answers to the questions in the table below.

Mark the boxes that apply to your co-operative.

| Item | Description | Answer known | No idea | Doesn't matter |
|-------------|--|---------------------|----------------|-----------------------|
| 1 | Will the problem get worse if something isn't done about it? | | | |
| 2 | Are there other groups or organisations that can or should take responsibility for this problem? | | | |
| 3 | Does the problem fit directly with your organisation's purpose and goals? | | | |
| 4 | Do you have the knowledge, skills and resources to deal with this problem? If not are you likely to be able to develop these in the near future? | | | |

SWOT analysis

Use the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis to check whether your organisation is in a position to deal with the priorities it has set. It may lead you to modify or change some of your priorities or target certain areas in your management planning.

Mark the boxes that apply to your co-operative.

| Where to look | What to consider |
|---|--|
| Inside your organisation - S trengths and W eaknesses | <ul style="list-style-type: none"> ◆ Your resources - people equipment, materials, experience and skills, money. What do you have to help you do the job? ◆ The strengths and weaknesses in your organisation's management systems (e.g. financial systems, information and reporting systems, personnel systems, organisational structure) |
| Outside your organisation - O ppORTunities and T hreats | <ul style="list-style-type: none"> ◆ What are your relationships with other individuals, groups and organisations? How can these relationships help your organisation with the priorities you have identified? ◆ Which groups or organisations have people, programs, resources or ideas that could potentially assist you? ◆ Who will give you tangible, moral or political support? ◆ Who could block you or cause potential problems? ◆ Will external factors like the current economic and political situation have a positive or negative influence on your ability to tackle the priorities you have set? |

Review your objectives

If you've turned long term goals into shorter-term objectives already, take time to review the objectives. If you can answer "yes" to most of the questions below, consider rewriting your objectives. See if you can make your objectives SMART (**S**pecific, **M**easurable, **A**chievable, **R**elevant and **T**ime-specific).

Mark the boxes that apply to your co-operative.

| Do your objectives . . . | Yes | No |
|--|------------|-----------|
| State the desired future condition (what the problem will look like if you are successful) | | |
| Clearly and realistically state something that you can make happen | | |
| Establish criteria (performance indicators) that will tell you and others if you have achieved what you wanted | | |
| Serve as a framework, set direction | | |
| Have the support of detailed action plans | | |

Set strategies

The strategies you choose depend on your objectives.

Mark the boxes that apply to your co-operative.

| Do you ensure you | Yes | No |
|---|------------|-----------|
| consider a range of strategies e.g. | | |
| ◆ a training or education program, whether for the general community, your staff, member or clients | | |
| ◆ a income-producing or fund-raising strategy | | |
| ◆ a membership development strategy | | |
| ◆ further research and documentation | | |
| ◆ establishing new management and consultation arrangement | | |
| choose strategies which help you towards your objective | | |
| check your strategies against the issues you have identified so that all important issues are addressed | | |
| know if the strategies are feasible | | |
| know what resources the strategies require in terms of: | | |
| ◆ People, money, materials, time, equipment and facilities, | | |
| ◆ Things you can't see – time, knowledge, skill, political influence, status, energy, control over information | | |
| know if the strategy is appropriate and how it fits with your organisation's purpose? | | |
| know if the strategy is efficient and if the result will be worth the cost | | |
| indicate timing and priority | | |
| know what kind of positive and negative effects the strategy will have. (This helps you reduce the time and resources spent on issues that may not be critical or strategies that might be limited in their effectiveness.) | | |
| think about how the strategies and action fit together, whether some reinforce each other and what order is important | | |
| look for strategies and actions that are strategic (i.e. help achieve a number of objectives simultaneously, or minimise resource use) | | |

Action plans

Use the table below to assess whether your action plans (either program plans or management plans) need refining. Mark the boxes that apply to your co-operative.

| Do your action plans include | Yes | No |
|--|------------|-----------|
| Timing – when things will start and finish | | |
| Location – where it will take place | | |
| How it will take place | | |
| The resources needed (this takes continual monitoring to ensure lack of resources doesn't stop the project dead in its tracks) | | |
| Who will be responsible for each activity | | |
| How activities will be monitored and evaluated | | |
| Key assumptions underlying the plans and whether there are any particular risks that these will not be realised | | |

Bottom up check

One way to check whether you have planned enough is to see if you can complete the table below for each of your projects and know how each project helps to achieve your goals.

| Project | Outcomes/ objectives | Strategies | Tasks/ Activities | Who is responsible? | Resources | Timeframe |
|----------------|---------------------------------|-------------------|------------------------------|--------------------------------|------------------|------------------|
| | | | | | | |

Monitoring and evaluating

With your plans in place you still need to know:

- ◆ Check whether your plans are on track (Monitoring), and
- ◆ Examine the results achieved over a period of time (Evaluation)

Mark the boxes that apply to your co-operative.

| Issues | Questions to ask | Yes | No |
|--|---|------------|-----------|
| Are your objectives (i.e. the results that you want) clearly defined? | Are you clear about the changes that you want to see by the end of the planning period? | | |
| How clear and realistic are your performance indicators? | Will your indicators tell you if you have achieved your objective? What other measures could you use? | | |
| How well can you and others collect and store information as you implement your plans? | Where will your information come from? Will people be willing and able to give you the information you need? What systems need to be set up to collect information? | | |
| How much time and resources have you and others given to monitoring and evaluation activities? | Will people need to be trained to gather and store information? What support do they need to retain commitment to this work? Can time and resources be used more efficiently? | | |

Resource 15 Risk rating checklist

It's OK to keep the ratings for impact and probability and the overall risk rating as simple as high, medium and low. If you can qualify the risk or the probability, that's even better.

| Item | Impact | Likelihood / probability | Rating |
|---|--------|--------------------------|--------|
| Financing | | | |
| Does the amount of debt your co-op is carrying put it at risk? | | | |
| Insurance | | | |
| Does your co-op hold professional liability and public indemnity insurance? | | | |
| What other insurance does your co-operative carry? | | | |
| What risks are not covered by insurance? | | | |
| Business systems | | | |
| What risk would a computer virus pose to your co-operative's operation? | | | |
| Do your project control systems minimise risk? | | | |
| And the rest (add each of the other risks you can identify) | | | |
| | | | |

Resource 16 Guidelines for effective time management

Each element of time management has its own separate checklist.

Handling crises

| If you | Then |
|--|---|
| <p>spend a lot of time during the day dealing with problems as soon as they arrive and then get behind on important work? or find interruptions to your work-plan throw out your schedule, so you can't meet deadlines</p> | <p>anticipate crises and schedule your time flexibly so you can handle them</p> <p>analyse each crisis and see if you can prevent it happening again</p> <p>before dealing with crisis, pause long enough to consider</p> <ul style="list-style-type: none"> ◆ if it can wait, or ◆ whether some one can deal with it or with any of your other tasks that must be completed. |

Handling self-created time wasters

| If you | Then |
|--|--|
| <p>are so disorganised that you:</p> <ul style="list-style-type: none"> ◆ lose important documents, ◆ can't find things ◆ can't finish task on time | <p>use IN and OUT trays or folders to hold your documents (even at meetings)</p> <p>file all your documents in a sensible filing system and only keep the ones you are using open in front of you</p> <p>use a "pending" tray or folders for things that have to wait for a reply or more information.</p> |
| <p>procrastinate (i.e. you leave things to the last minute and then find you are under so much pressure that you can't meet deadlines)</p> | <p>split the task into manageable chunks and set deadlines for each</p> <p>add interesting bits of work to boring jobs to break up the boredom</p> |
| <p>can't say no to a request because you don't want to let people down or you think no-one else can do the job as well as you</p> | <p>don't give an answer straight away</p> <p>remember it is better to say now that you can't do something than to let people think you can and let them down at the last minute when it is too late for them to find an alternative</p> |

Handling environmental time wasters

| If | Then |
|---|---|
| A constant stream of visitors, many without appointment interrupt your work | Ask people to make appointment Set visiting hours Arrange for someone else screen your visitors and check if it is vital that you see them now |
| phone calls interrupt you all the time and you have trouble keeping conversations short and focused, because callers want to chat or have long conversations, or ask questions someone else should answer | Use an answering machine to screen calls or arrange for someone else to answer your calls and take messages. You can then decide the order in which to handle the calls Set a time limit on calls made or received Tell callers you have a meeting in five minutes Tell callers that you will call them back if their timing is not convenient for you |
| you are spending too much time in meetings | Try to avoid meetings, unless they are the best way to deal with an issue. Consider writing a letter, phoning, faxing or emailing someone or circulating a document instead of having a meeting. Consider phone conferences, video conference and net meetings instead of face-to-face meetings |
| you waste time waiting for people | Always have something with you to do If you can't start on a major piece of work, work on letters, plans or catch up with reading |

Resolving timing conflicts

To manage your time and money budget well, you need to make choices.

| If | Then |
|------------------------------------|---|
| Plan your time | Be clear about the objectives you want to achieve <ul style="list-style-type: none"> ◆ Within this year ◆ Within the next 3 months ◆ Within the next week |
| Decide which jobs need to be done | Is it necessary? |
| Decide which jobs you need to do | Is it necessary for you to do it or can someone else do it? Is it appropriate for you to do it? |
| Decide how to do the jobs | What is the most efficient way to do it? |
| Decide on your priorities | Create a prioritised "to do" list, on paper, a computer or a personal organiser Priority 1 = important and urgent Priority 2 = urgent but not important Priority 3 = important but not urgent Priority 4 = not important and not urgent |
| Delegate the jobs you can delegate | Set deadlines taking account of the person's workload Give clear instructions Ensure the instructions are understood Follow-up any delegated work Stick to the given deadline Appreciate the delegated work if it is good Give constructive criticism if needed |

Resource 17 Checklists for effective meetings

Each phase of meeting management has its own separate checklist.

The more items where you can tick the “always” box, the better your meetings should be.

Phase 1 Planning the meeting

| Item | Description | Never | Sometimes | Always |
|------|--|-------|-----------|--------|
| 1 | Does each meeting have its own goal (e.g. planning a conference)? | | | |
| 2 | Do participants prepare for the meeting (e.g. get any information or research they need before the meeting)? | | | |
| 3 | Are the right people invited to the meeting (e.g. don't invite the whole Board to a meeting that only need input from members of a committee)? | | | |
| 4 | Have there been discussions to plan the meeting? | | | |
| 5 | Has a good agenda been developed and distributed well before the meeting? (If the agenda is your road map, make sure it has all of the stops listed on it and estimate the time required for each agenda item.) | | | |

Phase 2 Setting up the meeting

| Item | Description | Never | Sometimes | Always |
|------|--|-------|-----------|--------|
| 1 | Do meetings start and end on time (so people learn to get there on time)? | | | |
| 2 | Are the names of people attending or sending apologies recorded? (*This is a legal requirement for Board meetings)? | | | |
| 3 | Is the meeting space appropriate (e.g. in terms of size, heating, seating and being set up in advance of the meeting)? | | | |
| 4 | Do people hold informal meetings before or after the main meeting to talk and socialise? | | | |
| 5 | Are meeting times predictable (e.g. first Wednesday of each month unless otherwise advised)? | | | |

Phase 3 Running the meeting

| Item | Description | Never | Sometimes | Always |
|-------------|--|--------------|------------------|---------------|
| 1 | Do the participants and the chairperson have a common understanding of the chairperson's role? | | | |
| 2 | Does the chairperson of the meeting ensure any new participants introduce themselves and that they understand the role of the chairperson? | | | |
| 3 | Does the chairperson of the meeting get agreement on the agenda and the rules for the meeting? | | | |
| 4 | Does the chairperson try to stick to the agenda's time limits and seek agreement from the meeting to go beyond the allotted time? | | | |
| 5 | Does each agenda item end with the conclusions being summarised out loud and a pause to check for any objections before moving on? | | | |

Phase 3 Following up on the meeting

| Item | Description | Never | Sometimes | Always |
|-------------|---|--------------|------------------|---------------|
| 1 | Does anyone checkup on how participants felt about the meeting (e.g. on what could be improved)? | | | |
| 2 | Does anyone follow-up on calls required, send out correspondence arising from the meeting (e.g. minutes)? | | | |
| 3 | Does anyone summarise the meeting by issuing minutes or providing a list of decisions made and issues to be followed up? | | | |
| 4 | Do the minutes/meeting record include: <ul style="list-style-type: none"> ◆ When the meeting took place (date and time), ◆ Participants' names and titles, ◆ Each agenda item covered, ◆ Key issues raised under each agenda item, ◆ What ideas were offered and by whom, ◆ What solutions were agreed, ◆ What tasks were assigned and to whom ◆ What deadlines were set ◆ Any follow-up action to be taken after the meeting and person responsible, and ◆ Next steps to be taken on any incomplete or outstanding item and by whom? | | | |

Resource 18 What to put in the Board manual or website

| | |
|----------------------|---|
| General information | Organisation fact sheet (summarising history and current programs, products and services) Rules Organisational chart (including Board committees) Brief biography of the GM Annual calendar |
| Planning information | Vision & mission Goals and strategies Current strategic plan Action plans (objectives, responsibilities, timelines etc) Marketing and promotion plan Market analyses Status reports |
| Board information | Description of individual Board member's responsibilities Committee job descriptions Contact list for Board members Details of insurance coverage for Board members Code of ethics Brief biography of each Board member Guideline for evaluating the Board and the GM Board agenda and minutes Committee agenda and minutes |
| Finances | Summary of financial controls Current financial statements Budget for the current financial year Most recent audit report |
| Other | Annual report Key press releases and articles Promotional material (membership brochure, information brochure, advertisements) Resource list of organisations and publications Jargon used by members, directors, staff or suppliers |

These manuals could remain the property of the co-operative and be loaned to members for their term on the board (or to members of a shadow board who may sit and speak and vote, but do not have their votes counted at Board meetings for one year prior to standing for election to the Board). An upper age limit (e.g. 25) might be set for shadow Board members.

Resource 19 **Board activities calendar**

| | |
|-----------|---|
| July | Financial year begins Basic training program for directors Review & update Board policies and manual |
| August | Board Meeting (self-evaluation) Evaluate General Manager |
| September | |
| October | Board meeting /annual retreat, address self-evaluation results, team building, begin strategic planning) |
| November | Establish goals for next financial year & draft budget for next financial year (based on resources needed to achieve new strategic goals) Board teleconference |
| December | |
| January | |
| February | Board Meeting /annual retreat Strategic planning workshop (Board orientation/training, re-organise or form new committees, develop workplans, update Board operations) |
| March | Action to recruit/groom new Board members Basic training program for directors |
| April | Board teleconference |
| May | Board meeting AGM & Board elections |
| June | Financial year ends |

If your co-operative has committee meetings as well as Board meetings, these should also be listed on the calendar. Board members may serve on one or two committees based on their experience, skills, interests and available time.

Standing committees established in the Rules might include:

- ◆ Finance Committee,
- ◆ Marketing Committee,
- ◆ Audit Committee
- ◆ Development Committee,
- ◆ Strategic Planning Committee, and
- ◆ Staffing Committee.

Activities for developing directors and other members of the co-operative should also be listed on the calendar.

Resource 20 Choosing communication methods

Use the table below to help you decide which communication channels best suit your Board members for certain types of information.

| What | Face-to-face | Phone | Fax | Post | e-mail | Web site | Other |
|--|--------------|-------|-----|------|--------|----------|--|
| Board meeting agenda | ✓ | | ✓ | ✓ | ✓ | ✓ | |
| Board minutes | | | ✓ | ✓ | ✓ | ✓ | |
| Board manual | | | | ✓ | | ✓ | |
| Back ground briefings | | | ✓ | ✓ | ✓ | ✓ | |
| Correspondence | | | | | | ✓ | |
| Annual report | | | | ✓ | | ✓ | |
| Board meetings | ✓ | | | | | | Teleconference Video conference Net meetings |
| Committee meetings | ✓ | | | | | | Teleconference Video conference Net meetings |
| Learning circles and other education and training programs | ✓ | | | | | ✓ | Teleconference Video conference Net meetings |

Note:

- ◆ Face to face meeting, phone conversations and conferences, video conferences and net meetings require that all participants be present at the same time.
- ◆ Fax, post, email and web-based communication does not require all parties to be present at the same time.
- ◆ Putting information on the web makes it available 24 hours a day, 7 days a week in a self-serve situation to appropriately authorised people with access to suitable facilities.

Resource 21 Map your personal styles and work styles

Do you see yourself as others see you? Do you see others as they see themselves?

One check is to do a quick map of styles.

(Remember, you may be using quite different yardsticks to measure yourselves and so construct maps with quite different scales. You are in charge of how much information you want to disclose, feel free to avoid anything that causes pain or embarrassment – this is a business education session, not a therapy group)

Part A Mapping personal style

The table below lists pairs of attributes. All of the items listed reflect a combination of your person preferences and experience.

In the table below, 1 indicates a little, 10 indicates a lot. Take a few minutes to read through the list, putting a cross in the boxes that best describe how you rate yourself on each pair of attributes, then join the crosses with a marker.

| | A little | | | | | | | | | | |
|---------------|-----------------|---|---|---|---|---|---|---|---|----|---------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Cool | | | | | | | | | | | Warm |
| Concrete | | | | | | | | | | | Abstract |
| Moody | | | | | | | | | | | Stable |
| Passive | | | | | | | | | | | Competitive |
| Prudent | | | | | | | | | | | Impulsive |
| Expedient | | | | | | | | | | | Conscientious |
| Shy | | | | | | | | | | | Bold |
| Tough | | | | | | | | | | | Sensitive |
| Trusting | | | | | | | | | | | Suspicious |
| Materialist | | | | | | | | | | | Imaginative |
| Naïve | | | | | | | | | | | Shrewd |
| Calm | | | | | | | | | | | Worrying |
| Traditional | | | | | | | | | | | Radical |
| Team-oriented | | | | | | | | | | | Self-oriented |
| Flexible | | | | | | | | | | | Controlled |
| Relaxed | | | | | | | | | | | Stressed |

Reading the maps

Do your preferences create a straight line or a zigzag pattern indicating definite preferences? Is this true for your group as a whole also?

Turn the sheet over and view the pattern on the blank side of the paper. See if you can find:

- ◆ any perfect match (a pattern that exactly overlays yours), or
- ◆ any complementary styles (patterns that are the complete opposite to yours).

Does the group have people with complementary styles or are you all much the same in your preferences?

Interpreting the maps

If you like, you can then go round the group and discuss:

- ◆ how each of you mapped,
- ◆ the attributes that were most difficult to assess,
- ◆ any dimensions you would like to develop to make you more effective as a co-op director, and
- ◆ the group's preferred styles and how this impacts on the way you work most effectively.

Part B Mapping Work Values

You can also map your work values

In the table below, 1 indicates a little, 10 indicates a lot. Take a few minutes to read through the list, putting a cross in the boxes that best describe how you rate yourself on each attribute, then join the crosses with a marker.

| Values | A little | | | | | | | | | A lot | |
|---|----------|---|---|---|---|---|---|---|---|-------|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| A predictable routine | | | | | | | | | | | |
| Artistic work | | | | | | | | | | | |
| Challenge | | | | | | | | | | | |
| Communication | | | | | | | | | | | |
| Community work | | | | | | | | | | | |
| Competition | | | | | | | | | | | |
| Contact with others | | | | | | | | | | | |
| Creativity | | | | | | | | | | | |
| Excitement | | | | | | | | | | | |
| Expertise | | | | | | | | | | | |
| Fast pace | | | | | | | | | | | |
| Friendship with co-workers | | | | | | | | | | | |
| Helping others | | | | | | | | | | | |
| Independence | | | | | | | | | | | |
| Learning new things | | | | | | | | | | | |
| Making decisions | | | | | | | | | | | |
| Making money | | | | | | | | | | | |
| Persuading people | | | | | | | | | | | |
| Precision work | | | | | | | | | | | |
| Pressure | | | | | | | | | | | |
| Recognition | | | | | | | | | | | |
| Responsibility | | | | | | | | | | | |
| Security | | | | | | | | | | | |
| Respect | | | | | | | | | | | |
| Taking risks | | | | | | | | | | | |
| Teamwork | | | | | | | | | | | |
| Time freedom (flexible hours and more) | | | | | | | | | | | |
| Variety | | | | | | | | | | | |
| Working alone | | | | | | | | | | | |

Reading the maps

Do your preferences create a straight line or a zigzag? Is this true for your group as a whole also?

Turn the sheet over and view the pattern on the blank side of the paper. See if you can find:

- ◆ any perfect match (a pattern that exactly overlays yours), and
- ◆ any complementary styles (patterns that are the complete opposite to yours).

Does the group have people with complementary work values or are you all much the same in your preferences?

Interpreting the maps

If you like, you can then go round the group and discuss:

- ◆ how each of you mapped,
- ◆ the attributes that were most difficult to assess,
- ◆ any dimensions you would like to develop to make you more effective as a co-op director, and
- ◆ the group's preferred values and how this impacts on the way you work most effectively.

Part C Mapping preferred organisational roles

Depending on your style and expertise in a particular situation, you may take on one of the following roles.

| Who | Does what | Preferred % of time |
|------------|--|----------------------------|
| Creative | Originates ideas | |
| Researcher | Researches context, possible actions and implications | |
| Shaper | Acts as a project leader/negotiator who develops ideas | |
| Monitor | Evaluates products, tests ideas against reality | |
| Completer | Ensures product is complete and ready on time | |
| Other | You describe it | |

If you had your preference, what percentage of your co-op work-time would you prefer to spend in each of the roles above?

In which of the co-op's Board normal operations, would you function best as a:

Team leader,
Team worker/player, and
Worker under instruction

(Consider what types of instruction would you like to have regarding your work?).

Do you have a consistent preference for one of these roles?

Interpreting the maps

If you like, you can then go round the group and discuss:

- ◆ how each of you mapped,
- ◆ the attributes that were most difficult to assess,

- ◆ any dimensions you would like to develop to make you more effective as a co-op director, and
- ◆ the group's preferred values and how this impacts on the way you work most effectively.

Resource 22 Case study —

Co-operative Purchasing Services Ltd

Formation

Co-operative Purchasing Services Ltd (CPS) was registered on 30th October 1989. At its formation it was known as the “Municipal Association Co-operative Purchasing Scheme Limited”. It derived its original name from the organisation which hosted it – the Municipal Association of Victoria (MAV) which is the peak body representing local government in Victoria.

The formation was preceded by many months preparation by a steering committee appointed by the MAV, consisting of representatives from a cross section of metropolitan and regional councils. Representatives were chosen because of their known knowledge and ability in the area of purchasing and council administration.

A MAV Legal officer assisted the committee and undertook the preparatory steps necessary for the formation of the Co-operative. The concept was then promoted by MAV to councils and the formation was sponsored by the MAV at its AGM in October 1989.

At that time there were 210 councils and of these, a little over half joined in the first six months, others joined progressively and after about 12 to 18 months a number of Water Authorities, Co-operatives and community groups joined as they became aware of the opportunity to save costs.

The decision to join was administrative (officer level) in some cases and in others presentations were made to council meetings, following which a council decision was made to join.

The MAV hosted the Co-operative for 7 years by providing accommodation, human resources, furniture and equipment on a fee for service basis (full cost recovery).

The MAV could see the benefit of the Scheme and promoted it to its membership. The concept is simple. It is a fact that unity is strength. CPS strength is the collective buying power it has to bargain with when negotiating

contracts. The value of purchases made through CPS suppliers grows every year and in 1998/99 was almost \$70m.

By aggregating the buying power of local government better prices, terms and conditions resulted. In effect, CPS operates a supermarket or one-stop-shop with a huge range of goods and services including stationery, office furniture & equipment, motor vehicles, fuel, human resources, to name but a few. However the “supermarket” is merely a catalogue – members place their orders direct with CPS suppliers.

In return for the ready market provided by the Co-operative, suppliers pay the Co-operative a commission based on members transactions. This income is used to cover operational and development costs, any surplus is then returned to members by way of a transaction based bonus, recognising the level of business each member transacts with CPS contracted suppliers.

The major difficulty in developing the scheme was to attract a sufficient membership base with only a concept to offer. A substantial membership base was essential to convince potential suppliers to offer, under contract, better terms and conditions than councils were able to obtain on their own. As the membership list grew, it was then important to recruit a substantial catalogue of suppliers of goods and services commonly used by members.

The next challenge was to educate members to change their old buying habits and start using CPS contracted suppliers. A mindset of “we have always done it this way, or purchased from this supplier” had to be changed. This was achieved by telephoning or visiting members and talking with purchasing officers and demonstrating the advantages of membership and using CPS contracted suppliers.

Profile

Membership was initially confined to local government; councils paid \$10 for nominal share capital and a \$990 refundable joining

fee, i.e. \$1,000 on joining. This was to provide some working capital until the scheme became operational and began to generate income to a level sufficient to cover costs.

The \$990 was refunded together with a dividend after the first full year of operation. An annual fee of \$300 was retained until 1995, when it was abandoned as:

- the annual dividend/bonus exceeded this amount, and
- this income stream was no longer required to sustain the administration costs.

As the scheme became more widely known throughout local communities, applications were soon received from, and membership was extended to, Water Authorities and many community & charitable organisations. On becoming aware of the Co-operative Federation of Victoria, CPS explored the opportunity of extending membership to the Co-operative sector and now has many Co-operatives, including the Federation, as members.

Who is involved?

There are currently over 150 organisations taking advantage of the savings available through a product range of 120 different types

of goods and services, supported by over 400 suppliers.

Membership is open to local Councils, Water Authorities, State Government Authorities and Co-operatives and community and charitable organisations on payment of \$10 nominal share capital and joining fee as fixed from time to time. CPS adopted new rules under the 1996 Act, which enabled it to significantly broaden membership categories. The Annual General Meeting of members is usually held in mid-October.

The Co-operative is managed by a Board of 7 Directors, elected by Co-operative members. One "Independent" director has been appointed under the Rules, who does not represent any member, but has a strong background in purchasing, particularly in the local government sector. The Board has appointed 3 of its number to a Finance and Marketing Committee under specific powers of delegation. The Board and Committee meet in alternate months.

The Co-operative is administered by a staff of 5, headed by a General Manager who is supported by a Marketing Manager, a contracts manager and 2 administrative assistants.

Development

Significant milestones and achievements in CPS development include:

| | |
|-------------|---|
| 1989 | Formation achieved in October that year with only a concept to offer. |
| 1990 | June 30 after only a part financial year costs were covered. |
| 1991 | June 30 achieved a surplus of income over expenditure and distributed \$35,200 back to members in addition to refunding temporary working capital of \$53,000. |
| 1992 | Surplus distribution increased significantly to \$187,150. |
| 1993 | Obtained approval from the Minister for Local Government to operate as an alternative tendering arrangement for Local Government, whereby purchases made by councils through CPS contracts could be included in their "Compulsory Competitive Tendering" (CCT) target figures. This followed massive restructure of local government from 210 to 78 councils. Councils had to put 50% of expenditure through a competitive tendering process. This approval saved 78 councils calling individual tenders for the same goods and services, thus councils saved on advertising and administration costs and suppliers saved the cost of responding to individual councils, i.e. suppliers respond once to CPS as a central contract agency. |
| 1994 | Following (council) amalgamations, challenge was to retain members in situations of complete change, where councilors were replaced by commissioners and new CEO's were appointed. Every new CEO and commissioner was written to and the Chairman was provided with a video and brochure, which explained in detail what CPS had to offer. CPS currently has all 78 councils purchasing through its supply contracts. |

| | |
|-------------|--|
| 1996 | Purchasing Victoria adopted as the new name and it became a direct employer of the staff necessary to administer the Co-operative. Furniture, equipment and other assets owned by the MAV and used by the Co-operative were purchased and Purchasing Victoria clearly demonstrating that it had come of age. The child had left the parent. It had always been a separate legal entity, but this had not always been clear to the local government membership – now it was. It was important politically for the Co-operative to be seen as completely self-sufficient and not supported by the MAV, another reason for the name change. |
| 1997 | Distribution of surplus funds back to members, since formation, reached \$789,000. |
| 1998 | Changed name to Co-operative Purchasing Services Ltd and moved to its own offices, also assisted the formation of a South Australian Co-operative, established to service local government in that State, with the extension of its contracts to their members. |
| 1999 | Developed an interactive web site - www.cps.asn.au and commenced development of a purchasing scheme for Tasmanian local government. |
| 2000 | Received "Co-operative of the Year" award from the Co-operative Federation of Victoria A number of factors have contributed to CPS success – the Co-operative factor CPS exists to serve its members and achieve benefits for them that they could not achieve on their own, irrespective of their nature or size. Even though some members are small, they are still able to buy at the same price as the largest member. Suppliers have regard to the total turnover of all members when submitting their prices. |

Member services

Effectively on joining the Co-operative a member obtains the value of a purchasing officer, in the form of a catalogue of suppliers which includes full details of product range, contact names and phone/fax numbers for ordering. All a member has to do is phone/fax their order and quote the CPS contract reference and they will make the purchase at the best possible price.

Our catalogue is PC-based for IBM Windows operating on standalone PCs or may be viewed with a browser on the CPS web site. It is also available in hard copy for members, who do not have PCs.

Marketing

There is no doubt that sponsorship by the MAV helped early establishment by giving CPS a credibility, which would otherwise have taken longer to earn. Once established and accepted by local government throughout Victoria CPS had the ability to attract the enormous market, which sells to that client base.

As local government is community-based, grass-roots people government, participation at this level quickly made a range of community-based organisations aware of the service. This provided the start of a diversification of membership.

The greatest challenge was to survive a takeover attempt by a competitor (company not a co-operative) in the local government market in 1996. The competitor argued that there was economy of scale, big is beautiful, with councils amalgamating to achieve savings a similar result could be achieved by merging the two purchasing schemes.

CPS was able to demonstrate its greater cost effectiveness in terms of net profit to turnover and convince members that local government and other members were in a far better position having a choice, which would be removed with a merger – no more competition. Imagine grocery prices if there was only one supermarket chain to shop at.

A special meeting of shareholders was called in March 1996 to consider a motion proposing a merger, but the motion was defeated. An independent review of the CPS operation, following that meeting, by Coopers & Lybrand, commissioned by the CPS Board, clearly established CPS viability and the fact that the market could sustain two schemes.

The lesson to be learnt from such a challenge is to know your competitor and their marketing strategies. Be seen in the marketplace and respond to any attack or criticism in a positive way. Promote the scheme and its Co-operative principles. Identify the target audience – decision-makers and ensure they receive regular contact and promotional material so that they know you are alive and well.

To maximise potential, CPS found it important to communicate with members to ensure the persons with the purchasing responsibility are aware of the potential savings.

Briefing suppliers

It is equally important to communicate with suppliers to ensure they are marketing themselves to best advantage and utilising the promotional options available to them via the CPS monthly hard copy news bulletin, the catalogue bulletin board, the CPS web site links and a regular local government management journal.

Teamwork

The most important element of success is to have a good team running the co-operative. It is important to have a Board of Directors with an understanding and interest in the core business and able to contribute ideas on process. It is important to have suitably qualified and dedicated staff to implement Board policy and carry out the day to day administration.

It is also essential that there is a good relationship based on trust and understanding between the Board and staff – they must see themselves collectively as a team, each with their key positions but united with a common goal of achieving the Co-operative's objectives.

Markets and members

With continuing changes in legislation and the way in which councils are empowered to do business, there is always a threat that the level of business in that sector can diminish. CPS must continue to diversify and expand its membership and will continue to do this in the Co-operative sector, not only in Victoria but nationally.

Through recognition of established expertise CPS has been approached to provide consulting services to other organisations with significant memberships, which desire to provide "buying scheme" service benefits to their members. This provides another income stream and profits generated will be included in our overall income, the surplus of which will be returned to our members as in the past.

Operating interstate

During 1998, new rules were adopted under the new 1996 Act. Registration as a business with ASIC was undertaken to enable interstate business to be transacted in States which are yet to adopt the new legislation allowing Co-operatives to register as a Foreign Co-operative in another State.

CPS registered as a foreign co-operative in South Australia and assisted in the formation of a South Australian Co-operative, established to service local government in that State, with the extension of its contracts to their members. A number of SA councils continue to use CPS contracts.

In early 1998, CPS commenced a partnership with the Local Government Association of Tasmania for provision of a purchasing scheme to local government in that State.

Identity

In mid-1998, the MAV decided to sell its building and move into Melbourne CBD. CPS took this opportunity to re-launch itself in conjunction with a move to new premises.

A new name was approved at the October AGM and subsequently registered as Co-operative Purchasing Services Ltd, which more readily defines what the Co-operative does. A new logo was developed incorporating a pyramid and the three initials of the name – CPS which also expands to the footer on our correspondence – Competitive Products and Services, which is what we aim to provide.

In October 1998, the reborn child CPS came of age and clearly left its parent, MAV, with a physical move to new offices in Wantirna South, opposite Knox City Shopping Centre.

New technology

In December 1998 CPS entered a partnership with Telstra for the development of an interactive web site. The first priority was the development of a business solution to deal with the periodic tender program that placed significant demands on the limited CPS human resources.

An on-line tender system was developed. Tenders were advertised in the daily papers and interested suppliers were directed to CPS

web site to obtain further information. Contract details were displayed on the web site and interested persons could purchase the tender specification and response form using the Telstra secure eCommerce facility, which was integrated with the tender process web function.

With up to 50 contracts advertised at the one time and countless inquiries on each, the high volume of traffic, which used to call at the office, did their business on line. CPS achieved significant savings in staff time, hard copy production costs and postage. Tender response by email was also provided.

The CPS web site provides for a range of interactive functions to enable business to be transacted with both members and suppliers. Development will be ongoing.

2000 and beyond

CPS was recognised for its achievements at the AGM of the Co-operative Federation of Victoria in February 2000, with the presentation of the "Co-operative of the Year" award.

Directors and staff are confident of a promising future and ability to maintain viability in the market place by continuing to provide its members with Competitive Products and Services.

Ian Holden
General Manager
February, 2000

Resource 23 Case study — Mirboo North's Co-operative Newspaper

The *Keep Australia Beautiful Rural Pride Awards* were announced in Ballarat at the end of February 1999. The Mirboo North Times won the *State Media Award - Community Newspaper*. Obviously winning such an award brings a great sense of achievement to all the people involved with our newspaper. At times like this, it is good to reflect on the effort that a large number of people have contributed to ensure such success.

The story of the Mirboo North Times began like that of many small newspapers as a locally-run paper in 1890. The parallel with dozens of small local papers stayed the same for many years - being sold in the late 1960's to a regional chain of newspapers, ceasing production locally, no longer having a local reporter, decreasing sales and revenue and finally becoming a loss making enterprise by the early 1990's.

By 1995, it began to be rumoured that the paper would cease production entirely - again like so many small rural papers. By this stage, circulation was barely above 300 per week.

But this is where Mirboo North's story becomes different. In mid-1995, it was suggested to the local Community Association (MCA) that a way to save the newspaper would be to enter a partnership with the regional newspaper chain that owned the Times. After some extended negotiation with the owners, a partnership was established in January 1996.

A sub-committee of the MCA undertook all the journalistic roles in the paper with the printing and advertising being done by the owners. While this improved the financial situation, it didn't allow the paper to return to profitability. By early 1997, the owners announced their intention to close the paper. The Mirboo North community held a public meeting and decided to form a co-operative and continue production.

It took us about 6 weeks to gather together the finances and equipment needed to start production. We started with begged and borrowed computers, cutting and pasting for

the layout, photocopying (A3) and hand folding to produce 300 copies of a 12 (A4) page newspaper that sells for 50 cents.

We formed our co-operative in July 1997 and have gone from strength to strength. We have around 100 shareholders and more than 50 people are involved every week in writing, taking photos, gathering advertisements, typing, folding, running the co-operative etc.

We are profitable, have purchased 2 new computers and upgraded one other, we have a Risograph to do the printing and have a scanner, 2 good printers, a fax machine, a borrowed photocopier, and 2 cameras.

The Co-operative is continually working on issues such as policies etc. It is the aim of our co-operative to embrace the principles of co-operation.

We fully involve all the shareholders in major decision making (for example, we have held 3 well-attended meetings to develop our policies).

We aim to return benefit to our community (we sponsor a number of events open to the community such as guest speakers, as well as supporting young people through awards at the local school). We aim to explore related enterprises and support other co-operatives establishing (for example, we are exploring being an Internet access point and already have won a tender to be the local shire information point and we are supportive of a local banking co-operative that is currently being established).

Neil Smith
A director of the Mirboo North Newspaper Co-operative Ltd.

1999

Resource 24 Case study —

Rural Industries Cooperative Limited

The RICL was established as a vehicle for aggregating the buying power of contract broiler (meat chickens) growers in Victoria.

The focus of the co-operative is the collective buying of gas — used to heat chicken sheds during the first couple of weeks of a chicken's life. The cost of heating for 'brooding' is a significant component of the cash operating costs of a broiler farm.

The day-to-day management of the co-operative is conducted by the Executive Officer of the VFF - Chicken Meat Group, who is the organisation's secretary.

The operating income and expenditure of the RICL consists of a small administration fee charged to the gas supplier and the payment of a management fee to the VFF – Chicken Meat Group. This keeps the operation and management simple and keeps a clear focus on the purpose for which the RICL was established (i.e. the reduction of gas costs for member broiler farmers through aggregation of their buying power).

Membership of the cooperative is open to all VFF members, but initially it was the membership of the Chicken Meat Group. At present, the co-operative has 250 members.

After establishing the co-operative, an agreement was secured with the main gas supplier in Victoria, Heatane — a long-term contract set at a competitive price per litre, pegged to the World Parity Price.

Initially, the co-operative acted as a clearinghouse for the discounts received by, members, which led to considerable administration costs.

The link to world parity pricing became difficult to police after the sale of Heatane to a private company, and the gradual deregulation of the gas market.

In late 1993, an arrangement was made to have the discounts applied directly to the purchase price and negotiated a nominal administration

fee with the supplier, thus reducing the administrative burden considerably. It was also agreed to maintain the pricing link to the world parity price.

After two years, however, the co-operative was concerned whether the linkage was being applied - particularly during the low points of the season with competitive suppliers often able to offer better deals.

A subsequent audit by an independent major accounting firm confirmed that the link with 'world parity' had been eroded by extended margins.

A lengthy series of negotiations followed and in the end had the effect of additional discounts built into a new three-year arrangement. These arrangements have withstood the test of time.

Today the co-operative's members purchase more than 12 million litres of gas each year under the scheme, and are confident they are paying a very **competitive price**.

2000

Resource 25 Case study — SouthEast Housing Co-operative Ltd

The Frankston, Oakleigh and Ringwood/Croydon Rental Housing Co-operatives completed a formal merger of their co-operatives on 12 June 2000 to form the SouthEast Housing Co-operative Ltd – the first merger to use a co-operative structure.

David Griffiths, Chairperson of the Co-operative Federation of Victoria Ltd, presided over the inaugural meeting of the new co-operative in Dandenong with over 60 members in attendance.

The SouthEast Housing Co-operative (SouthEast) is a tenant-managed rental housing co-operative that manages housing for low income households in the Southern and Eastern metropolitan areas of Melbourne. The co-op leases 101 properties from the Department of Human Services on a permanent basis for its members.

The members have bestowed responsibility for the management of the co-operative to a Board of directors consisting of 8 member directors and one independent director. The members elect the members to become the directors of the board, SouthEast also has three Area Committees who assist in the running of the co-operative based at Oakleigh, Frankston and Ringwood/Croydon.

The merger was motivated by two main factors:

1. The members recognised the need for a more professional, cost-efficient and accountable organisation, which is capable of surviving into the future, while securing housing for current and future members and of expanding the number of properties under its management.
2. The State Government's decision to re-structure the community housing sector, driven by the need for greater cost efficiency and accountability.

The merger of the co-operatives followed two years of very difficult negotiations and hard work by members and their staff member. Negotiations took place at two levels, between the participating co-operatives' membership and with the Department of Human Services (DHS).

The difficulty of merging three distinct co-operatives each with their own cultures built up over 17 years was at times problematic and will continue to be a challenge for the new board and staff members. However negotiations with the Department of Human Services proved to be even more complex and problematic. The first major hurdle was to convince the DHS, under the previous Government, that a co-operative structure was preferable to a public company structure and that sufficient accountability mechanisms had been built into the legislation to accommodate their requirements. Further obstacles were encountered when moves were made to terminate current head leases held by Rental Housing Co-operatives. An Arbitration process initiated by the United Housing Coalition resulted in the DHS accepting that the perpetual lease could not be terminated. SouthEast's solicitor then had to sort out the complexities of a merger involving three separate head leases.

While negotiations are yet to be finalised, SouthEast Housing Co-operative is here to stay and believes it is ideally situated to promote the cause of tenant-managed rental housing co-operatives and to secure the housing rights of its members into the future.

Peter Sibly (Co-ordinator)
Shirley Faram (Chairperson)

2000